

**ARIZONA STATE PARKS BOARD
ORO VALLEY COMMUNITY DEVELOPMENT BUILDING, HOPI ROOM
11000 N. LA CAÑADA DRIVE, ORO VALLEY, AZ
MARCH 20, 2003
MINUTES**

Board Members present:

Suzanne Pfister, Chairman
John Hays
Walter Armer
William Porter
Elizabeth Stewart
Gabriel Gonzales-Beechum
Mark Winkleman (arrived at 10:10 a.m.)

Staff present:

Kenneth E. Travous, Executive Director
Jay Ream, Assistant Director, Parks
Jay Ziemann, Assistant Director, External Affairs
Mark Siegwarth, Assistant Director, Administrative Services
Debi Busser, Executive Secretary
Andrea Madonna, Chief of Grants
Jean Emery, Chief, Resources Management

Attorney General's Representative:

Joy Hernbrode, Assistant Attorney General

A. CALL TO ORDER - ROLL CALL

Chairman Pfister called the meeting to order at 9:05 a.m. Roll Call of Board Members indicated a quorum was present. The Chairman began the Board meeting with a moment of silence for our military service men and women and the people of the world.

B. INTRODUCTION OF GUESTS

The Parks Board, staff, and guests introduced themselves.

C. PUBLIC COMMENT

The Honorable Dick Johnson, Vice Mayor of the Town of Oro Valley, addressed the Board. Vice Mayor Johnson stated that it was a great honor for the Town of Oro Valley to have the State Parks Board and all the other supporters of State Parks in Oro Valley. They are real supporters of Arizona State Parks. When Catalina State Park (Catalina) was shut down they became active. They realized what a gem they had right in their community and took some affirmative action. He and others have presented some partnerships between Arizona State Parks (ASP) and some municipalities as prototypes for future relations between the state and the local governments. They are committed to ensuring that Catalina is a viable State Park. They will work with ASP and their legislators to ensure funding is continued and that the legislators understand how significant this park is. They will hold their legislators' "feet to the fire" on the promises they received from politicians when the park was re-opened. They will continue to advocate for ASP and work with Catalina on programs of mutual benefit. He again welcomed the Board to Oro Valley. He noted this is a dynamic community that is growing. There is much interest here in advocacy for outdoor recreation

and the beauty of Arizona. He stated his hope that the Board will come back and visit with Oro Valley again.

Mr. Chuck Sweet, Town Manager, Oro Valley, addressed the Board. Mr. Sweet complemented the Vice Mayor for his comments. The Town saw what happened when the park was closed and how the community came together. It was refreshing to see that those commitments and those promises have actually come to fruition. At the staff level they are talking with ASP's leadership staff and working on an Intergovernmental Agreement (IGA) to see how both parties can compliment each other and keep the park open and operating safely.

Mr. Sweet shared two stories of how this community supports Catalina. There was a call to his office that the park was to be closed for a number of reasons, including funding, from a gentleman in Sun City. The gentleman asked how they could volunteer and keep the park open. He made a call and was told that the park has good volunteers and a lot of volunteers. The problem is being able to pay staff so that when there is something that needs to be addressed at the staff level it can be done. He called the gentleman in Sun City and told him the best thing they could do is to call their legislators. They did that.

Mr. Sweet added that a lady called him about a month ago and said she would like the Town to put \$1 on the water bills to be dedicated to Catalina. He explained the process on how that can be done.

Mr. Sweet stated there is wide support in this community. Most of the people in this community consider Catalina their park. Yes, it is a State Park; but they are trying to figure out ways to get more of the community in there in larger numbers. There are some very innovative things they see coming together at this park. He asked that the Board enjoy Oro Valley today.

Chairman Pfister noted there were a number of people present who wanted to address the Off-Highway Vehicle (OHV) Fund. She asked Executive Director Ken Travous give the Board an update on the status of the funds given the recent legislative activity.

I. ADMINISTRATION

1. Section Report

Cancellation of OHV Grants/Contracts

Mr. Travous reported he would give the Board an update from last year to refresh everyone's memory and let everyone know where things stood and how dramatically things have changed over this last year.

Mr. Travous referred to charts. Last year, the closure of parks was certainly the end-result of the difficult times the agency experienced over this past year. He believes that is now old news. One of the charts he referred to related to the Enhancement Fund. Until just recently the Enhancement Fund was split between Development and Operations and is the revenue generated by the gate fees at the parks. The agency is still involved in Project 11, which is a program to get the agency to \$11 million in revenue by the year 2005. Project 11 was created because staff knew the agency was becoming more and more dependent upon park revenues; but they did not know how quickly it would become dependent on those revenues. The information on the chart was presented to the Board last summer and fall.

Mr. Travous noted that the Parks Board did something quite unusual last year. The Board increased the gate fees twice in one year. In June staff knew the agency would be about \$700,000 short of operational money needed. The fees were raised accordingly, and the agency was on track as of last November to just about make that \$790,000. In December the legislature cut the agency's budget by an additional \$700,000, which was to be supplanted by the OHV Fund. Additionally, they took \$2 million from the Development Fund. It was money that had been saved on the Development side on the Enhancement Fund.

Mr. Travous referred to the chart to show where things stood at the end of Fiscal 2002, not even 10 months ago. The General Fund was at \$8.1 million; the Enhancement Fund was at \$4.3 million (just on the Operations side); the Heritage Fund Interest stood at \$1.8 million; the Heritage Fund Principle was at \$10 million; the State Lake Improvement Fund (SLIF) was at \$10.2 million.

Mr. Travous reported that for Fiscal Year 2003 (the current year), the General Fund was cut to \$6.8 million (from \$8.1 million); it was subsequently cut from \$6.8 million to \$6.2 million. The difference between those amounts was roughly the \$700,000 that the legislature was going to transfer back from the OHV fund. Unfortunately, in December when they passed the transfer out of the agency's fund to the General Fund, they did not do what is known as an "ORB" (the method by which they switch funds back and forth). Literally, the legislature had taken the money but had not transfused OHV funds. When the Board met last month staff were concerned that they could not make payroll. The money the agency receives is in the form of quarterly allotments. The Governor's Office transferred some money from the next quarter in order to make payroll. There is concern about this week's payroll. The ORB has not passed. Admin staff have had to shuffle accounts in order to make this week's payroll. These are not future projections; these are concerns for this current week. It is not a matter of just writing a check and sending it out. Staff must go through incredible machinations to ensure every dollar is accounted for.

Mr. Travous continued to explain, again referring to the chart, that the General Fund was down to \$6.2 million. The Enhancement Fund has been taken (i.e., supplanted into the General Fund). The Arizona Heritage Fund Interest was at \$1.8 million; it is expected to be at \$1 million in FY 2003 but may go below that figure.

Mr. Porter noted the chart showed the Enhancement Fund at \$5.2 million but that Mr. Travous had stated that money is now totally gone. He asked for an explanation.

Mr. Siegwarth responded that the figure referred to is half of what the agency is supposed to earn (the target). To meet revenues in 2003 the agency must earn \$10.4 million. Staff are only projecting earning \$7.2 million at the moment. Even though the number went up, it does not really exist. The point is that even though the Enhancement Fund is shown as increasing, that money is not really there to fund the decreases in the General Fund.

Chairman Pfister noted this was the legislature's way of saying they gave the agency more money when they actually gave "phantom" money.

Mr. Travous added the legislature is taking the money from the agency that people have just paid at the gate to come into the parks.

Ms. Stewart noted this is basically an unfunded appropriation. The legislature is saying that if the agency is able to earn this money then it can spend it. She asked if the agency has ever earned this much money before.

Mr. Travous responded the agency has not earned this much before. He noted the legislature is appropriating more money than the agency can make. And they are backing out General Fund money. Staff thought the agency would make \$7 million. The legislature has said the agency will make \$9 million so they backed out an additional \$2 million from the General Fund. Staff have had difficulty explaining that to the legislature.

Mr. Porter noted he is having difficulty understanding this discussion. He understands some of this. It is still not clear to him in looking at the FY 2003 figures that the Enhancement Fund is totally gone. He asked if that is truly simply gone. He had not understood that the legislature was sweeping the Enhancement Fund.

Mr. Travous responded that, because the comparison is between where things stood and where they stand now, other things have occurred that make this chart more confusing. He stated he would try to put into perspective where things stand as a result of what occurred with the bill just passed for the remainder of this Fiscal Year and where the OHV fund fits in.

Mr. Travous noted the OHV fund is not represented on the chart he was referring to. The reason it is not there is that these funds, as of July 2002, were not in jeopardy. As the legislature was sweeping funds they took the entire \$10 million in SLIF for this year. That money is gone. They did nothing with the OHV fund. They left it alone.

Ms. Stewart noted some of the SLIF money goes toward grants and asked whether a significant part goes to the operation of the state parks and if that money needs to be made up elsewhere.

Mr. Travous explained that the SLIF comes from a percentage of the gasoline tax, much like the OHV does. By agreement with the Arizona Outdoor Recreation Coordinating Commission (AORCC), 11.8% of SLIF can be used by ASP for administrative purposes. The statute states that the SLIF is for the funding of boating facilities on lakes and streams where motorized boating is permitted and other administrative purposes of the Board. In other words, the language allows the State Parks Board to use all of that for administrative purposes if that is their desire. By agreement with AORCC 11.8% is the figure used because in normal times that was a good percentage for administration. It was a historical percentage the agency used. In the next year, if the legislature does not give the agency any General Fund money and if they don't take the SLIF then the agency will need to rely heavily on that fund to keep the parks operating and wouldn't be giving grants.

Chairman Pfister noted that is, in essence, what the Governor is proposing. ASP would be removed totally from General Fund appropriations and make up the difference in SLIF money.

Mr. Travous responded that is correct for 2004. This would occur in three months.

Mr. Travous explained that the first problem was that the legislature backed out \$700,000 and did not replace it with OHV money they said they would do last fall. The agency is \$700,000 short, is having difficulty making payroll, and they did not correct the mistake. On Monday, they corrected it. However, they complicated the situation. On Monday the legislature took away the remaining General Fund support. Since last year, the General Fund has gone from \$8.1 million to \$6.8 million to \$6.2 million to \$0. ASP receives no General Fund dollars. In order to make this year's budget work, the legislature and the Governor agreed to first replace the \$700,000 they had taken in December. They did that.

The agency was made whole in that regard. However, they also took \$4 million from the OHV fund. They did not take any money from the SLIF because there was no money to take. They took that money last year. They could not take any more General Fund money because they have already taken it. The Heritage Fund Interest and the principle have been left alone for ASP. They took \$10 million from the Game and Fish Commission's Heritage Fund and split it between ASP and the State Land Department. In order to get back to the \$6.8 million for this Fiscal Year, the legislature gave ASP \$700,000 from the OHV fund, \$6.2 million from the Game and Fish Commission's Heritage Fund (the other \$3.8 million was given to the State Land Department). He noted this is the first time in 10 or 11 years that the Heritage Fund has been taken.

Mr. Travous noted that beyond the \$700,000 the legislature took \$4 million in OHV funds. They want a transfusion of \$4 million of OHV funds into the General Fund by the end of this year at the latest. ASP generally receives \$2 million a year. The problem is half solved.

Ms. Stewart asked where the \$2 million comes from.

Mr. Travous responded the money comes from a percentage of the gasoline tax for the OHV Fund.

Mr. Travous reminded the Board that they gave out more money in OHV grants last fall than the year before. Staff suspect (but do not know) that there is \$1.8 million in contracts with local governments, with the federal government, etc., that has not yet been expended. Staff are attempting to ferret that out right now in order to ascertain where things really stand. That is staff's optimistic hope. He noted that gas prices are rising. If people drastically drop their gasoline consumption over this remaining quarter ASP may not make the \$2 million staff thought would be made.

Mr. Travous summarized there is a \$4.7 million problem. Staff expects to receive \$2 million from the gasoline tax; staff believe there is another \$1.8 million in unexpended contracts; and staff are scrambling to see what can be done to make up the remainder.

Mr. Travous stated the bottom line is that this is a Bill that has been passed by the legislature. These are monies that are expected to be transferred by the end of this Fiscal Year. He reminded the Board that DES just lost their Director because he wasn't following, in some way, shape, or form, what the legislature was telling him to do. He does not particularly want to be in that position. From the words of the Governor, "Every nickel counts" and every nickel is being looked at.

Mr. Hays noted SLIF is gone for this year. He asked if it will be a bone of contention for next year and whether the legislature is talking about sweeping it again next year.

Mr. Travous responded he hopes not. Because they have taken everything else and because ASP can only earn so much this agency will have to rely heavily on SLIF next year. What was transferred from the Game and Fish Commission (G&F) was not their appropriation for that year. They transferred a balance G&F had in their Acquisitions Account. They could go back to the Heritage Fund in any number of ways; or they could go back to SLIF.

Mr. Ziemann added that the legislature is proposing raiding SLIF next year. It is being talked about. It is recognized that although they already took all of the revenue from SLIF, the proposal when this bill started was to take \$5 million more from SLIF. They don't really care what the revenues in the fund are. They are so desperate for money that they are perfectly willing to ask for more money than is sitting in the pot. Staff could be faced with

having to break these contracts because the legislature is asking for more money than is there.

Chairman Pfister noted that, by law, ASP can receive up to \$10 million. However, the agency only received \$7.5-\$8 million; yet they have a proposal to take all \$10 million. Once again, it is phantom money.

Mr. Ziemann noted the Board will still be "on the hook" to transfer \$10 million.

Mr. Travous added that this came as a surprise. In going back to the \$4 million they were going to take from the OHV fund, one month ago it was proposed that the legislature would transfer an additional \$2 million from the Department of Transportation to that fund and then take \$4 million. However, they did not make that \$2 million transfer. ASP must make up that \$2 million difference.

Chairman Pfister stated the Board would take Public Comment at this time under this Section.

Ms. Stewart asked if it would make sense for the Assistant Director of Administration to make his presentation so that the public who wished to address this issue would have more complete information.

Mr. Siegwarth noted that the discussion regarding cancellation of OHV grants and contracts is also agendaized under Executive Session.

Mr. Siegwarth stated he wanted to reiterate a number of things that have been said. As a result of a Special Session held at the end of last year the Board is mandated to keep all parks open for the same number of hours. When the legislature went to the Sixth Special Session, realizing that the agency needed an additional \$700,000, they planned to redirect \$700,000 of OHV funds for the specific purpose of keeping all of the parks open. He believes that establishes legislative intent. In this Special Session, the legislature performed a number of Excess Fund Balance Transfers. They are directing staff to transfer a fund balance of roughly \$4 million to their own funds.

Mr. Siegwarth stated his belief that the legislative intent is fairly clear on what the agency is supposed to do. They will give ASP an additional \$700,000 and ASP is to give them \$4 million. The issue is that there is currently approximately \$3.8 million in the fund. Because of the war and other things, he believes ASP will be lucky to earn another \$700,000 this year. That brings the fund to \$4.5-\$4.6 million. The agency must give them the \$4 million. Any shortage comes out of the parks' operating budgets. Staff have received two bills that are not yet paid. They are in compliance with the contracts and are for completed work. He feels those bills need to be paid. The money is still actually in the fund and those bills were duly received before any action was taken.

Mr. Siegwarth noted that he does not believe any action can be taken until the bills become law (upon the Governor's signature). Any motions the Board may want to make would need to specify language to the effect of "Upon the Governor's signature, House Bills 2001 and 2002 from the 46th Legislature's Special Session . . . "

Mr. Siegwarth stated the Board needs to realize that legislative intent is fairly clear. Any action the Board takes that would reduce the amount of money ASP has below \$4 million would cause the legislature to question such action.

Chairman Pfister noted that when she testified before the Joint Legislative Budget Committee on Assets it was made clear that there was a potential that the Parks Board would have to renege on contracts and refund them and that the Board felt this was absolutely not what they wanted to do. It was made clear to them that the state would have liabilities as a result of what they were doing.

Mr. Siegwarth reported staff currently have two bills for \$68,000. He does not know if there will be \$4.7 million available - there may only be \$4.5 million available - to satisfy the formula. He believes there are about \$920,000 of expenditures OHV grant recipients have incurred that they would like to be reimbursed for. He completely understands that. The point is that it would not only not leave any money for park operations, it would also not allow ASP to have the \$4 million to give the legislature. He believes the Board is faced with three issues: the legal contractual situation; the political situation; the moral and right thing to do. There are three types of money available. First, there are the grants, which contain "fiscal out clauses" that provide that every payment is predicated on money being in the fund. If the legislature takes all the money and the recipients submit a bill for the work done under the grant and there is no money left in the fund staff cannot pay the bill. Clearly, the recipients will be unhappy. Another issue is that there are some Interservice Agreements (ISAs) and IGAs. These are different because they are with other governmental entities and the money was given up front. In that case, if it is an ISA, there is a 30-day clause. The Board can give them notice and 30 days later they are to refund any unexpended funds. If they made an obligation prior to that notice (i.e., they ordered brochures last month that will arrive in two months), the Board may have to honor those obligations. Regarding IGAs (i.e., BLM and US Forest Service), there is a 60-day out-clause. They must clean up their books, too. Those would be two actions the Board could take today.

Chairman Pfister noted that everyone has been sent notices that this is a possibility.

Mr. Siegwarth added that Partnerships staff have spent a lot of time recently on the telephone ensuring everyone has been made aware of this possibility.

Mr. Siegwarth stated he doesn't know how much money may be received back from the ISAs and the IGAs. There are estimates in the neighborhood of \$200,000 or so. Even with that, it would only make the agency whole for the two bills. There is still the \$4 million problem. Even if revenue projections hold, it might be close. The \$920,000 is frivolous. He does not believe the agency technically received legal bills for payment. That pretty much leaves the Board between a rock and a hard place. The legislative intent is clear. He does not argue that the OHV is not a good program and that they are doing good work and that they have incurred costs. He is sure any governmental agency in the state is having financial problems.

Mr. Porter asked what the difference in status is between special projects and pass through.

Mr. Siegwarth responded that a pass through is like the competitive grant process. They are projects, they are evaluated, they are contracted for, and they are reimbursed. Special projects would be something like a three-year agreement with the BLM for a special function they are doing. It is outside the grant process.

Mr. Porter asked if there is any difference.

Mr. Siegwarth responded the contracts are different. He believes the Board is in a position where they really have to cancel everything because it is unclear whether the agency will receive the full formula. Last year's 13th month revenue was not received. The agency may not get a month's revenue this year. OHV equates to \$0.18 per gallon of gasoline. In looking at the high price of gasoline and the war, people may buy less gas. It is difficult to arrive at a hard projection on how this whole situation may unfold.

Chairman Pfister stated that unless there were more questions from the Board she was inclined to take Public Comment on this issue.

Mr. Jeff Gursh, Arizona Trail Riders, addressed the Board. He stated he is looking at this situation as the guy who can't make his house payment, they throw him in jail, and now he can't make the money to make the payment anyway. He understands why the OHV money is going. He would prefer it not go away. He would like to see the Board, for those who had grants, rather than cancel them place them on the back burner. Some of these people spent years on them. To throw all that work away would be very sad. Additionally, those who had been working as OHV coordinators in these agencies should stay. It took years to make those relationships with all the different agencies and the public. To throw all of that away to save some money for one or two years and then have to start over again just won't work. As a citizen and as a member of the Arizona Trail Riders he would like to see the Board at least try to postpone the grants rather than cancel them. Hopefully, in 2005 the OHV gas tax money would come back to fund the projects. He urged that the Board not throw that away, either.

Mr. Porter asked if, to do what Mr. Gursh is suggesting, might open the state to liability or claimed damages from delays by not carrying through the contract. The law is complicated. His understanding from what the Board's counsel has generally been telling them is that if the Board cancels, while the liability issue might still be there it would be greater if the Board put these things "on the back burner". He is curious as to whether there could be room for some kind of Hold Harmless agreement whereby if the Board did such a thing (and would only be willing to do that with entities who were willing to enter into a Hold Harmless agreement) where the recipient agrees to not sue the Board for damages or losses if payment is, in fact, delayed. He would like some general discussion on this idea.

Mr. Travous requested that if the Board starts to get into receiving some legal advice that it be done under Executive Session.

Ms. Sandy McCullen, OHVAG, addressed the Board. Ms. McCullen stated she represents the OHV community. She knows she is preaching to the choir. She does have an issue. She is asking the Board to stand up and stay on the front pages and support these funds - whether it be State Parks funds, the OHV funds, etc. There was a specific reason for these funds. If the leadership - the OHV managers - are lost at this point, to go back a year or two from now will result in a loss of 15 years. Currently, OHV recreation is a thorn in everyone's side. They are just starting to get the education out to pull thousands of recreationists together. If there are no funds for education and no leadership for that education then this state is going to lose 20 years. Even if it means going to the OHV groups, if there is a way to find funding through the manufacturers, dealers, etc., we need to keep the leadership and the OHV managers in place. She realizes there are legal issues and conflicts-of-interest.

Chairman Pfister noted the single most important thing people can do is make sure everyone in the OHV communities are registered to vote and continue to make their case to the legislature. The Parks Board can only deal with the hand they have been dealt. She noted there is an E-mail address (created for the Heritage Fund) people can write to to be added to the list: azparkfriends.org People can sign up to get updates. Every OHV member needs to be there in order to get communications. The Board have learned that when they made noise at the state legislature, they have had some impact. There are boards across the state who are going through exactly the same thing; some agencies don't have boards and their staff are having to deal with it. The only way to make the case is to let them know that this matters and that these funds should not be taken.

Ms. McCullen acknowledged that they have been a bit slow and have tried to not make waves in what the Parks Board have been doing to this point.

Chairman Pfister suggested they should go make waves.

Mr. Shawn Blackburn, Mohave County, addressed the Board. Mr. Blackburn stated they have a vested interest that goes beyond the \$300,000 in their project. As the Board knows, a grant can be used as a match for another grant, which compounds the issue. Those two grants can be used as a match for a third grant, depending on how grants are set up. It can go from hundreds of thousands of dollars into millions. It is a compounding issue. Mohave County has been a partner with ASP since the first grant they did in 1982. They have partnered through a lot of good times together and now are partnering through bad times. He proposed that these contracts be suspended rather than cancelled and that these grants remain active even if they need to sign a release or indemnity. Because of the compounding issues there needs to be an open dialogue. Cancelling the contracts will not help Mohave County. He sees that ASP is hurting. He realizes the legislature has taken money that's not there to take. ASP has to hand the money over and staff have to make it happen. This year the pot is empty. Let's go back again next year and see if some of these contracts that are already active can be phased out and completed rather than just throw them aside. He recommended the Board make a motion to suspend these grants and to not cancel them.

Mr. Hays stated that if this proposal were legally possible it would be worth investigating. He suspected the Board would need to discuss the legality in Executive Session.

Mr. Blackburn noted there would need to be extensions to the dates. They want to continue to be part of the State Parks. ASP has been good to Mohave County and now it is their turn to honor the problems the agency is encountering with the legislature and the funding issues. If they have to go another year, so be it.

Mr. Porter asked if their grants would be more likely able to be salvaged if, instead of being cancelled they could be suspended.

Mr. Blackburn responded affirmatively.

Mr. Hays noted Mohave County was one of the biggest sources of SLIF funding.

Mr. Blackburn responded he has three SLIF facilities.

Chairman Pfister added Mohave County is also the biggest beneficiary of SLIF grants.

Mr. Hays noted that could be a problem if there is no money available for SLIF.

Mr. Blackburn responded those contracts have not been discussed yet.

Mr. Siegwarth noted that the legislature took the agency's 2003 SLIF revenues; they did not raid the fund balance. As was mentioned earlier, there was a brief flurry of a two-day window where they were thinking of taking the agency's fund balances and that would have impacted existing contracts. That did not come to pass.

Chairman Pfister noted the Parks Board have tried very hard to communicate to the legislature that they cannot take money that isn't there. They look at the budget without knowing that these are reimbursement contracts. The Board and staff have tried very hard to communicate that they should not raid the money that has already been granted out. The biggest message they tried to express was that the legislature should not take Heritage Fund money that is already out there; while talking about future funds is awful, at least people aren't being hurt by having their contracts broken.

Mr. Bill Gibson, Bureau of Land Management (BLM), addressed the Board. Mr. Gibson stated he appreciated the opportunity to address the Parks Board. The BLM have been pleased to participate with ASP and the State Land Department in OHV programs and partnership agreements relating to OHV. Many worthwhile projects have been accomplished over the past decade that have increased the ability of OHV users to enjoy the beauty of the state while traveling the many trails on state and public land. Projects have included trailheads, information kiosks, inventory, route signage, and access guides. In the inventory area alone, nearly 25,000 miles of routes have been inventoried over 8 million acres of land in Arizona alone. Access guides have been, and in the future will be, printed and distributed to OHV users statewide. Over the years, BLM, US Forest Service, State Land Department, G&F, and ASP have partnered in worthwhile projects and events such as two state-wide OHV workshops, numerous public trade shows, and motorized events. These opportunities allow the parties to understand each other's missions and develop the spirit and energy to cooperate in partnerships. A partnership is driven for seamless management in the recreational lands and will continue to do so. The Bureau has appreciated the opportunity to participate with its sister agency and will continue to manage or intermingle lands in the spirit of partnership and cooperation. OHV enthusiasts are very supportive of their efforts and continue to demonstrate that support with 1 million volunteers in service projects that are conducted on state and public land. Other states in the western US look upon the partnerships forged in this state as a model for public and private stewardships on state and public land.

Mr. Gibson noted that we do live in difficult times. As of 7:30 last night the US went to war one more time and we have commenced concerns over homeland security. These things are uppermost in our minds. Yet there is a need to deal with the travel network statewide on state and public land. He is reminded of the visionary people who nearly a century ago at the dawn of the motor vehicle age planned our national travel networks in this country in the face of national crises from the Mexican Revolution on our southern borders in World War I. Yet, the national highway system that is enjoyed today was born in that era. He stated that the BLM supports the travel management partnerships mentioned and stands ready to support the ASP in any future endeavors it may have. He thanked the Board for the opportunity to address them.

Chairman Pfister noted there is a Time Certain on the Agenda for 10:00 a.m. She asked if the Sedona Fire District would allow two additional speakers from the public to address the Board.

A representative of the Sedona Fire District responded affirmatively.

Ms. Rebecca Antle, Tucson Rough Riders, addressed the Board. She noted that most of what she planned to say has been covered. She reinforced the idea of postponing the grants. In the past 17 years of four-wheeling, and perhaps more so in the past 5 years, she has seen trust built into relationships within the agencies and groups that wasn't there before. They trust these people and look up to them. These people need to stay in their positions in the agencies. It takes a long time to build these relationships. Some of the things that have come out of the grant money are things that would not have been done otherwise. There have been numerous clean-outs, car removals, and these are things that would not get done otherwise. This is important stuff. The education is very important. There has been more education over the past couple of years than there has been in the last 10-15 years.

Ms. Tammy Pike, AZ State Land Department, addressed the Board. Ms. Pike stated she appreciated the Parks Board allowing the public to come and speak today. She requested the Board not take any definitive action today in order to give them an opportunity to look at a number of things that came about yesterday afternoon. She spent most of yesterday afternoon and into the evening getting legal advice on how to do some things in the Land Department. If all of these grants are pulled back, the Land Department loses. Anyone can handle recreation. Right now they have three projects that, if stopped dead in the water, will leave the Land Department with a huge liability issue. She asked the Board to give them a little bit of time to see what they can do to fix this situation. The Land Department has already lost staff and they know this is a serious problem. If they can have a small window of time to review all the options out there, as well as some that were mentioned today, it would be appreciated. She thanked the Board for allowing her to speak.

Due to some technical difficulties with the audio equipment, Chairman Pfister called for a short recess at 10:05 a.m.

Chairman Pfister called the meeting to order at 10:10 a.m. She noted there is a Time Certain of 10:00 a.m. and proceeded to Agenda Item H.1.

H. PARKS

1. Section report - Sedona Fire District's Proposal for a Joint Building/Venture at Slide Rock State Park (time certain 10:00 a.m.)

Mr. Larry Drake, Fire Chief for the Sedona Fire District (SFD), addressed the Board. On behalf of his Board of Directors, he thanked the Parks Board for the opportunity to make this presentation. He stated the SFD encompasses a 156-square-mile area serving the City of Sedona and Oak Creek Canyon. They also serve two counties, Yavapai County and Coconino County. He introduced Deputy Fire Chief Matt Shobert who is their Operations Chief in charge of all fire, emergency, medical, hazardous materials, and rescue services within the SFD, including ambulance transportation. Obviously, adequate facilities for these types of services is very important on his list of duties. Mr. Shobert will give the presentation. He noted the Board members have been given a copy of the proposal. He extended an invitation to the Board to come to Sedona for a hosted tour of the area. They hope to enter into a partnership of providing some serious emergency services to Oak Creek Canyon, Slide Rock State Park, and that area.

Mr. Matt Shobert stated he would give a relatively short slide presentation. He is here to discuss a proposal for an Oak Creek Canyon Public Safety facility, a governmental partnership between ASP, the SFD, and the US Forest Service. All three of the associated

agencies are experiencing major change. There are financial issues. Yet all are still growing and trying to do more with less. The SFD is making a difficult transition from a predominately volunteer fire service organization into a professional combination fire department. None of the three current fire stations in Oak Creek Canyon (OCC) are equipped to meet the needs of today or even the future of OCC. In fact, they are in the process of turning Station 6 by the Junipine Resort back over to the Resort. They requested that facility back because it is built on their property. Nearly 70% of the emergencies that occur in OCC actually occur at Slide Rock State Park (Slide Rock). The current US Forest Service facilities in Sedona and Camp Verde are going to be relocated and are earmarked for closure in the near future. They are looking for another place for offices and housing of vehicles. This is an interpretation on the SFD's part that current park facilities are not necessarily designed to meet the current challenges of overflow of recreationists in the peak season.

Mr. Shobert noted that public and public/private partnerships are the current trend in our less-government oriented society. Some examples of that in ASP include Fool Hollow and Show Low and Lake Havasu's Water Safety Center. Additionally, the SFD houses some of the Forest Service's apparatus in their station in the Village of Oak Creek during the winter months. All partnering agencies currently have excellent working relationships. Another component of this is that the wildland fire problems in Northern Arizona, specifically in OCC is only getting worse. There is a bark beetle problem with the drought over the past several years. The wildland problem in the Sedona area is only getting worse. The "National Fire Plan" encourages governmental participation in Wildland Urban Interface projects. The project being discussed today will greatly enhance customer service related issues with Slide Rock and the residents of OCC. This plan will allow for enhanced safety to tourists and recreationists as well as the forest due to a quicker emergency response time from the Forest Service, ASP, and the SFD.

Mr. Shobert stated that putting this proposal together is currently a grassroots effort. They are seeking the Board's permission and approval to move forward and to get some level of commitment from the partnering agencies to see if it can be brought to fruition. They would like to see a lead representative assigned from each agency to attend regular meetings and discuss where this project should go. Optimally, the SFD would like to garner two or three acres of land at or near Slide Rock. Options are endless, including outright purchase of the land, trade involving the Forest Service, or the SFD builds facilities at their cost on the Board's property so long as they can share a portion of that building. Cost-sharing arrangements would need to be defined. They would like to get started on the project with a one-to-two-year planning phase and a two-to-four-year implementation phase.

Mr. Shobert stated other considerations include whether or not the public safety facility should be camouflaged from the park and visitors. They originally thought there would be fire station and living quarters at the back of the building with an ASP welcoming center at the front. As they delved into it some more they discovered a site at the southern end of the park that is used for maintenance and storage. If the Board deemed they wanted a facility out of the way, that would be an optimal place. It is close to the roadway and the elevation from the road is not that great. The only additional cost to the park would be the donation of the land or a SFD land/purchase option.

Mr. Shobert stated the SFD would be going into this with the promise of a low-impact facility to preserve the beauty of OCC. In initial discussions as to where they could go with this project, waste water treatment facilities appeared to be an issue. After some research they ascertained that for approximately \$150,000 an onsite waste water system could be developed there that could be used for the state parks and possibly some of the tourists. It would be a gray and black water system. Additional savings could be realized by using the gray water to water the orchards.

Mr. Shobert stated there are mutually-inclusive benefits for all agencies. By having the SFD and the Forest Service partnered in fire defense mitigation strategies, they could work on fuels management and addressing the bark beetle problem. They could work on joint suppression operations if there were a catastrophic fire. Vehicle storage for the park could be right next to the SFD engine. There would be more consolidated government. The SFD firefighters could assist the Forest Service with home-site assessment, evaluating the threat of wildfires to different properties in and around the area, defensible space planning, fuels management, and suppression operations.

Mr. Shobert reported there were discussions about possibly building a place to land a helicopter when emergency needs arise. The SFD could offer ASP training and meeting facilities, facilities for seasonal and permanent staffing that would include showers and restroom facilities, and a location for a base camp if there were a fire in the canyon. It would all be based on shared planning, development, construction, operation, maintenance, and funding.

Mr. Shobert stated one of the benefits to the SFD for being at Slide Rock is that it is central in the canyon and would allow one fire station for the SFD rather than the three they currently have throughout OCC. As stated earlier, 70% of emergencies in OCC occur at Slide Rock. Their average response time by Station 5 at Indian Gardens is right around 6 minutes. If they had a facility onsite it would be 45 seconds. Several incidents per day during the busy season can be 6 or 7 calls. In 2001 their SFD responded to 51 emergency incidents at or near Slide Rock, including everything from an upset stomach to a bump on the head to a vehicle fire.

Mr. Shobert reported there are benefits to Slide Rock and ASP. They will provide onsite office, meeting and training facilities with state-of-the-art waste water facilities. Their fire fighters would provide an additional level of security to the park, immediate paramedic response to the needs of the park, and technical benefits (high-speed Internet and enhanced communications). Additional benefits include an improved level of fire protection and ASP would play a key role in enhancing public safety services to the residents and the visitors of the park and OCC. He reiterated an earlier discussion about a welcome center and gift shop. The benefits are endless and depend on how creative the parties can become. There would be public restroom facilities, an opportunity to generate some revenue in the case of an outright purchase, etc. All would be at a minimum cost to ASP.

Mr. Shobert stated, in conclusion, there are several benefits to all the constituencies. Savings to the taxpayers will consolidate government; public partnerships are the current trend in our society; the opportunity exists for positive media attention for everyone involved. The facilities and infrastructure are enhanced for all players at virtually a fraction of the cost. It provides for a safer, effective, and efficient public safety system and a possible funding source for ASP.

Mr. Shobert stated SFD is putting its cards on the table. They would love the opportunity to build a fire station at Slide Rock. They realized going into this that if it were to be a shared building venture they would have to contribute the lion's share of the building and development costs.

Mr. Armer asked if those funds are available.

Mr. Shobert responded it is in their budget to make them available if they can make this project a reality. He noted that they have been planning this project for upwards of 18 months. He has heard the question on a number of occasions whether the Forest Service can come up with some land. They have a lot of land. The problem is that it is not central to OCC and they don't have a whole lot of land where this infrastructure could be built. Therein lies the dilemma.

Mr. Armer stated that, conceptually, it makes all the sense in the world. It is similar to the project the Board hopes to someday have at Kartchner Caverns State Park (KCSP) with the Benson Ambulance Service being onsite there. It benefits them as well as ASP. From a public safety standpoint, it makes all the sense in the world. It seems to him that the Park Manager at Slide Rock and the Regional Manager are probably the folks who should be the point-men to interface with the SFD on this project.

Mr. Drake responded that they have met with those individuals and do enjoy a tremendous working relationship with the Ranger at Slide Rock as well as at Red Rock State Park.

Mr. Porter asked if there have been discussions with senior staff.

Mr. Drake responded that there have been several discussions with ASP staff.

Mr. Travous stated that, under the guise of putting all the cards on the table, he would not be forthright if he did not do that as well. This project has been discussed with senior staff at ASP. Staff have several major problems with this project. Staff are not convinced that the Forest Service does not have a place there where they can put this facility. They have a lot of campgrounds up there that might not be as central, but they are not that far away from the park that they couldn't look at converting part of a campground. Slide Rock is the most expensive property in the ASP system. In 1985 the Board paid \$90,000+ per acre. It is now probably worth close to \$250,000 per acre if one could buy an acre of land up there. In looking at water/sewer, his first look is that it is much more expensive in Sedona because of Oak Creek. It is a high-level of attainment. The Department of Environmental Quality has severe restrictions. Had it been possible to put in a simple system using spraying on the fields, staff would have done so by now. It is a lot more expensive than meets the eye.

Mr. Travous added that, finally, staff have not had the opportunity to create a Master Plan for the park. Staff have ideas of what should be done, but there has been no funding available. The south end of the park is a place where the agency would want to build Ranger residences at some point in time. It is key for the agency because of the high expense of living in Sedona to be near the park. If funding became available, this is where the agency would want to put facilities for its own people.

Mr. Travous stated that staff do have some major problems with this proposal. He believes most of those concerns have been expressed to them.

Ms. Stewart stated that it seemed to her that there are a number of benefits to ASP. Staff have mentioned a number of potential obstacles. It seems to her that it's worth exploring

further. There may be some kind of three-way deal whereby while the park's land is very expensive it might be possible to get more land from the Forest Service. She does not know if the park abuts Forest land that it might be able to get. It's part of a three-way deal so it may be possible to end up with more land that is cheaper and be able to accomplish some of the agency's other goals. She does not believe the Board is in a position to do anything today. She noted that the Board may be meeting in the Verde Valley in June. Perhaps between now and then there could be further discussions. She does not know what the time frame is on this project.

Mr. Drake responded they did not need an answer from the Board right away. It is correct that the Slide in Slide Rock is actually on Forest Service property. The Forest Service has told him that they would be willing to go through the process. Obviously, that is a long-term process because they would have to go to Congress in order to swap land. They are interested in a land swap. Whatever would be taken from the south side of the park could be replaced by the Forest Service on another part of the park. There are some options. He does understand some of the concerns. They have some of the same concerns. They need to know what the dollars are. They have a tight budget just as ASP has. They do have funds. They have a capital improvement fund. They need to do something in OCC in the near future. They want to start early. They wanted to be sure they had the partners together. That is the reason for this presentation. If the Board is interested in a project such as this, they would like to start talking about it and investigating possibilities.

Mr. Drake admitted Sedona is a very expensive place to live. They could help the agency with living facilities for the Park Ranger(s). A water purification system/septic system will be expensive. They can help the agency with that as well. He believes it is a lot easier if the parties help each other rather than for one to try to go it alone.

Mr. Drake explained they are a Fire District funded through property taxes. They are not part of the City of Sedona; they are not part of the Forest Service. They are a separate, independent government agency. They have a five-member elected Board of Directors which is the governing body for the SFD. The Fire Chief is appointed, and he is the Fire Chief (Chief Executive Officer) for the SFD. They have limited government. Their Board of Directors is 100% in favor of this project, and their Board of Directors directed them to meet with the Parks Board and staff as often as possible to try to make something work.

Mr. Porter stated he is sympathetic to the Executive Director's concerns. He likes what he is hearing in the proposal. He likes the idea of the benefits to the park from having that facility. There is a ton of benefits to having it there. He sees a tremendous amount of good PR. He sees the agency becoming more integrated into the function of the whole area. He sees a legitimate public need. He would like to see a good, serious dialogue looking at overcoming the issues, finding answers to the question of whether it would be a land swap and if it would be feasible, etc. It may be that the Board will not want to give them the land. Perhaps the Board would want to be in a situation where, in fact, a facility is built that is part of the park and the Board permits their use of part of that building that they have built. He likes that idea as well. He believes there is a lot of room for discussion and he hears a lot of willingness on their part to be accommodating and to find compromise. He would like to see it pursued seriously and diligently to see if, in fact, this kind of an arrangement can be accommodated in some way while still meeting the Board's obligations to protect the public lands and to not squander valuable land.

Mr. Hays stated there is a need to proceed with more information. It's a long-term deal. It seems that all the necessities need to be worked out on both sides. It sounds good. He asked that the Board be kept posted in future meetings as to what has been worked out and what seems impossible.

Chairman Pfister asked if the Board felt they needed a formal motion or if staff understands the will of the Board.

Mr. Travous responded that staff understands the will of the Board.

Mr. Drake asked who the point person on staff would be to continue dialogue.

Mr. Travous stated he would designate someone after the next staff meeting and so inform the SFD.

Mr. Drake thanked the Board for the opportunity to speak with them. He noted they have a very nice meeting facility and invited the Board to use that facility if they have a meeting in area. He also invited the Board individually to visit their facility.

Chairman Pfister stated the Board would move to Agenda Item F. to discuss the legislative update.

F. PARTNERSHIPS AND EXTERNAL AFFAIRS

1. Section Report

Legislative Report

Mr. Ziemann thanked the Board for moving to this Agenda Item. He is concerned about HB 2090, the agency's Continuation bill. This bill was amended in the House and came out with a continuation for the agency of 10 years rather than 5. The bill went through its requisite committees in the Senate unamended and unopposed. It went to the Senate Consent Calendar. The benefit of being on the Senate Consent Calendar is that it does not have to go through the Committee of the Whole (another opportunity to amend the bill). A bill must make it through 48 hours on the Consent Calendar with no Senator coming with objections to it being there. Yesterday, just at the deadline, Senator Jarrett pulled this bill from the Consent Calendar. It was scheduled for the Committee of the Whole yesterday afternoon. That calendar got postponed until early this afternoon. He needs to return to monitor its progress.

Mr. Ziemann reported Senator Jarrett plans to offer an amendment that would again take the continuation back to 5 years rather than 10. He spoke with the bill's sponsor, Representative O'Halloran, yesterday afternoon. Representative O'Halloran went to the Senate Floor and spoke with a number of members in order to garnish support so that the bill would withstand that amendment and keep the continuation at 10 years. He is a bit nervous about it and would like to be sure he is present to try to get the bill through with a 10-year continuation.

Ms. Stewart asked if there is anything other than the change from 10 years to 5 years.

Mr. Ziemann responded he is not aware of anything else.

Mr. Ziemann reported HB 2328 (Parks Income Tax Checkoff) is in trouble. He has not heard any one member speak against the bill. However, their staff have concerns. He is working with their staff and trying to get Senator Binder to get it back on the Agenda. If it gets on the Natural Resources Agenda, he believes it will probably go through. However, getting through the Finance Committee will be difficult.

Chairman Pfister asked if their concern was that there are too many checkoffs.

Mr. Ziemann responded that he does not believe they are worried about too many checkoffs right now. They are concerned that there will be an infinite number of checkoffs; if one is let on than everyone will want to be on.

Mr. Ziemann reported SB 1244 is a bill that has not yet happened. This bill is through the Senate and into the House and is a technical correction Agriculture bill. It is a striker vehicle. It will be struck and will be used to transfer responsibility for the Growing Smarter Open Space Reserve Program (the \$2 million grant program the Board currently administers) to the Department of Agriculture (Ag). He met with the House Speaker, his staff, Ag, representatives of the cattle industry, and the Governor's Office. There is some language that would establish a new fund in Ag. The appropriation would go directly to Ag and never touch the Board. The responsibility and the authority for that \$2 million would not rest with the Parks Board. There is an issue. Currently, the statute says that the Board may use up to 10% of the money in the appropriate conservation account. This would take \$2 million per year (a definite amount) and appropriate it. In exchange for that discretion, the Board gives up all authority and responsibility for that program and gives it to Ag. There is no way to give the Board that discretion and yet make an appropriation to a fund somewhere else.

Ms. Stewart asked if part of ASP staff's salary is paid by the interest.

Mr. Ziemann responded affirmatively.

Ms. Stewart asked how that would be dealt with.

Mr. Siegwarth responded that the interest is on the principle of the Land Conservation Fund, which is roughly \$30 million. The Board would lose \$2 million directly, but would still be receiving \$18 million per year.

Ms. Stewart asked if the entire 5% the Board is entitled to is being taken.

Mr. Siegwarth responded that the Board is permitted to use up to \$500,000 of the interest money for administrative costs. The agency had been earning roughly \$1 million. The excess has been refunded to the grant program.

Ms. Stewart noted a need to ensure they don't change the \$500,000.

Mr. Siegwarth responded that currently there is an IGA with Ag for approximately \$50,000 per year to help them administer the program. This would be in issue of whether they will use the interest on their \$2 million to fund the program or if they will still want ASP to support their program.

Mr. Ziemann stated the way the bill is currently written, all of the Board's funding for its administrative purposes (up to \$500,000) remain intact. If the agency is earning \$1 million now, it might then earn \$900,000-\$950,000. Money would still be available to put back into

the purpose of the fund. There is nothing in this bill yet for their administrative purposes. That is something they will probably want to address.

Mr. Winkleman asked what Ag would do with the money.

Mr. Ziemann responded they would grant the money to lessees of state or federal land who reduce livestock to provide public benefits such as wildlife species conservation and wildlife habitat.

Chairman Pfister noted this is a program the Parks Board has administered by awarding grants directly to individual ranchers. It is the only program the Board has of that kind.

Mr. Travous reminded the Board that if this program is moved over to Ag there will be no need to put the program through the very cumbersome Rules process.

Mr. Ziemann reported HCR 2018 (Ballot Measure Resubmittal) very narrowly got out of the House about a week ago with a vote of 32-28. It was tweaked somewhat in the House, but not as much as a number of House members would have liked. It has not begun its journey through the Senate. It essentially states that any initiative (those things the public brought to the ballot, such as the Heritage Fund) since 1990 (i.e., the Heritage Fund) that is scheduled to receive up to \$10 million or more (i.e., the Heritage Fund) must be resubmitted to the ballot every 8 years. It was pointed out numerous times as it went through House Committees that the legislature has ample opportunity to refer any of these initiatives back to the ballot. If they really don't like the Tobacco Tax, they could refer it individually back to the ballot by introducing an HCR rather than taking a blanket approach. He has let members know that the Board would prefer that if they have a problem with an initiative that it be referred back for public vote.

Chairman Pfister noted she was in a meeting with some lobbyists yesterday. She would like this Board to go on record in opposition to this bill. It affects the Tribes, health care, juvenile justice, the Heritage Fund, the Growing Smarter Fund, and others. This is only a bill that would make lives more difficult and make conservation activities more difficult. It would help the momentum for the Board to take a stand. There is a lot of activity focused on the Judiciary Committee in the Senate, chaired by Senator Jim Weiers. They were able to kill one bill yesterday that was similar by a vote of 4-4. Senator Binder is key to this. It would be helpful for her to know that this Board does not support this bill. If the legislators have problems with the initiatives, they can run an HCR. To force this back to the voters to reinstitute something that has worked well for the past 12 years (in the case of the Heritage Fund) is not where the Board wants to go.

Mr. Hays noted this would be automatic for everything that has been voted on for the past 13 years.

Mr. Ziemann added that initially the bill provided that every initiative since statehood would have to come up for vote every 8 years. They then agreed to go to 1990, which just catches the Heritage Fund.

Mr. Porter asked whether the Board could take action on this issue.

Ms. Hernbrode responded the Parks Board may take action on anything listed on the Agenda. While she would prefer a specific action item listed for Board action, the Board is within the Open Meeting Law to go ahead and take action if it so desires.

Board Action

Mr. Porter: I move that the Parks Board is in opposition to HCR 2018 as currently written.

Mr. Hays seconded the motion.

Mr. Armer asked if this motion is likely to overly aggravate anyone with a direct impact on the agency's budget.

Mr. Ziemann responded this Board Action will not shock anyone. He doesn't believe anyone will be surprised. He has noted in other meetings that, while the Board has not taken a formal position, in all likelihood the Board would be opposed to having to redo the Heritage Fund. The way it is written now it precludes any changes to the language. If the Board were to go to the effort of trying to resubmit the Heritage Fund to the ballot, it may want to tweak it in some manner. This will just put it back on as it was written. They may not be happy about the Board taking formal action.

Ms. Stewart suggested rewording the motion to say that the Board is concerned about the Heritage Fund and any measure such as this.

Mr. Porter stated he would resist such an amendment. His intention is not just the Heritage Fund. He believes there are other funds that are legitimate in which the Board may have an interest that would also be threatened.

Mr. Hays stated he felt that the way the motion is stated is ideal. Any time they want to change something all they have to do is pass it and put it back on the ballot any time any year. There is plenty of discretion for the legislature to carry out if they feel the need.

There being no further discussion on the motion, Chairman Pfister called for a vote on the motion on the floor.

The motion carried unanimously.

Mr. Ziemann reiterated that this will be a long, long session. The legislature finally took care of 2003. To use Senator Bennett's analogy, they have taken care of the alligator and now they have to look to the dragon - the 2004 budget.

Mr. Ziemann added that both Mr. Winkleman's and Mr. Gonzales-Beechum's confirmations went through last week. Senate committees are now putting off executive nominations - not out of spite but so they have something to do over the next few months. He has already heard that they are discussing the possible impeachment of Corporation Commissioner Irving.

Chairman Pfister returned to the regular Agenda format.

D. CONSENT AGENDA

- 1. Approve Minutes of February 20, 2003 State Parks Board Meeting**
- 2. Approve Minutes of Executive Session of the State Parks Board Meeting Held February 20, 2003**
- 3. Consider Amending the Grant Award or Growing Smarter Land Acquisition Project #230104 to the Arizona Board of Regents for Purchase of the Tumamoc Hill Parcel.** Staff recommends increasing the grant amount by \$167,500 for Project #230104 for the purchase of 320 acres of Tumamoc Hill and to replace the

requirement of a patent restriction or conservation easement with an additional condition in the Participant Agreement. On February 19, 2003, the Conservation Acquisition Board agreed unanimously with the staff recommendation.

4. **Consider Extending the Project End Date for Trails Heritage Fund Grant Project #689902 - AZ Trail: Mormon Lake Segment Phase II.** Staff recommends extending the project end date by 12 months to November 16, 2003 for Trails Heritage Fund Project #689902 - AZ Trail: Mormon Lake Segment Phase II. The Arizona Outdoor Recreation Coordinating Commission unanimously concurred with this recommendation at their February 13, 2003 meeting.

Chairman Pfister stated staff have requested Item 3 be pulled from the Consent Agenda.

Ms. Stewart requested Item 4 be pulled from the Consent Agenda.

Mr. Porter made a motion to approved the Consent Agenda Items 1 and 2.

Mr. Armer seconded the motion. The motion carried unanimously.

Mr. Travous stated staff requested that Consent Agenda Item 3 be pulled for discussion at the next Board meeting because there are some things that might be worked out over the next month.

Ms. Hernbrode stated she wished to give the Board an update on Consent Agenda Item 3. She spoke with Ms. Patti Boland, the Land Department's counsel, who asked that the Board be given a heads up on this issue.

Ms. Hernbrode reported that the Land Department has received a challenge to this sale. Her understanding is that they will be canceling this sale and republishing it. The problem is that that action will put this grant recipient outside the time limit specified in their grant and the Board will have to consider how to deal with that issue. The time limit is statutory. All possible extensions have been given administratively and legally. There is a proposal from the Land Department as to how to deal with this issue. There are also some proposals from ASP staff on how to deal with it.

Mr. Winkleman stated there are some legal issues that have arisen that the Land Department will address. That is the reason for pulling this item. The Land Department fully expect that in a month it will be back on track to get this done. They want the project to continue; they believe in the project. They want to ensure that when it is done it stays done and is done right.

Ms. Stewart stated she is very concerned about the proposed language of the indemnification clause replacing a patent restriction on the Deed or an easement. She feels very strongly that any land that is purchased with this money must remain an open space as intended by the voters. Simply indemnifying the Parks Board for any liability for not doing so simply does not protect the public. She would be very much opposed to that.

Mr. Porter stated he is in agreement with Ms. Stewart's comments.

Ms. Hernbrode stated she agrees with Ms. Stewart and Mr. Porter. That structure will be changed. That indemnification clause will be part of the open space easement over the entire property if this grant goes forward.

Ms. Hernbrode stated she was reminded by staff that there does need to be further discussion on this item because the grant applications for the upcoming grant cycle are due on March 31. If the U of A is to be given time to apply for a grant next year, they need to be notified that that is what they need to do.

Chairman Pfister noted that the Board doesn't even know that yet.

Ms. Madonna responded that the issue is that if the auction does not take place by the end of April (when the grant expires by statute) they are not then eligible to submit another grant application until March 2004.

Chairman Pfister asked if the Board can extend the deadline.

Ms. Madonna responded that they have already received all the allowed extensions because of the way the statute is written.

Mr. Porter asked if the Board can give them a heads up to get the application in by March 31.

Ms. Stewart stated that cannot be done because the Board changed the grant requirements to say that the auction must already be scheduled or take place.

Ms. Madonna responded that the Application for Sale must be submitted and it has been submitted. The auction does not need to be scheduled at this point. They need to have the paperwork in place in order to be eligible. The issue is whether staff can notify them that the auction has been cancelled. Up to this point staff have not been able to do that.

Ms. Stewart asked if it is the Board's responsibility to notify them. It would seem to her that the Land Department is the one that schedules the auctions and that it would be up to them to make notification if they intend to cancel the auction.

Ms. Hernbrode stated the issue is that everyone would like them to be able to do that. The Land Department has not gotten to the official point for that notification. There is concern that they will only have a day to complete their grant application and submit it. Staff want to tell them ahead of time.

Chairman Pfister asked what the Board needs to do.

Mr. Porter suggested that they need to be tipped off that there may be a problem and they may want to get their paperwork in.

Mr. Winkleman asked if it is just a matter of notifying them that the deadline is approaching.

Ms. Madonna responded the deadline is coming up. The Board does not need to take action as far as this amendment goes. It can be postponed until April. It only helps the U of A in acquisition if the auction will still take place before the end date in April.

Mr. Travous noted staff asked him to ask the Board to skip over this item at this meeting. It is confusing and staff need to work some things out. It is his understanding that nothing gets triggered by the next Board meeting. There is still time to address this issue at the next Board meeting.

Chairman Pfister noted that if it is necessary a conference call meeting can be arranged to take care of this issue prior to any deadlines being missed. It is not that big of a deal.

Ms. Hernbrode responded she is not certain any action is needed by the Board.

Mr. Travous stated it is an administrative question as to who lets the applicant know - the Land Department or ASP. There are several things that staff need to work out ahead of time. The attorneys are involved.

Chairman Pfister reiterated that if any Board action is needed prior to the next scheduled Board meeting it can be noticed and done by conference call so they are not adversely impacted.

Chairman Pfister requested discussion on Consent Agenda Item 4.

Ms. Stewart stated she no longer has a concern on this item.

Board Action

Ms. Stewart I move extending by 12 months to November 16, 2003 the project end date for Trails Heritage Fund Project #689902 - AZ Trail: Mormon Lake Segment Phase II.

Mr. Porter seconded the motion.

Mr. Armer noted that he questions its importance since they did not know that was in their project. Fortunately, it is a very small grant. Otherwise, because the Board is looking for anything they can recover, he would be inclined to oppose it.

The Chairman called for a vote on the motion on the floor. The motion carried unanimously.

E. DIRECTOR'S REPORT

1. Governor's Cabinet Meeting of March 4, 2003

Mr. Travous reported that the Governor made it clear that all agencies are to look at their operations. She has formed a group of people who will look at efficiency in state government. The head of that group uses a business card that is a 3"x5" index card on which he writes his name and phone number. He discussed with Executive Staff the need to look internally at postage costs, travel patterns, etc. It is literally every nickel. If ways can be found to save those dollars beyond the energy issues being discussed, the agency needs to do them. Discussion will continue in that vein.

2. Discussion of Hopi Tours and Meetings with Tribal Leaders

Mr. Travous reported many members of the Board met recently with the Hopi. Because of adverse weather, many things were not seen. He was encouraged by the dialogue. He and Chairman Taylor have discussed the need to have a cooperative agreement by the end of May to bring to the Board that would lay out what they perceive to be the steps towards a future partnership. He supposes that staff from both ASP, the Hopi Tribe, and legal counsel for the Hopi Tribe will become more involved so as to keep things on track.

Ms. Stewart asked if staff will present something to the Board in May.

Mr. Travous responded that if it can be done by the May Board meeting staff will present something. Otherwise, it will be by June. The goal is to have something from the Hopi Tribe and ASP staff by the end of May.

Ms. Stewart asked if the Board would see something before it is signed.

Mr. Travous responded that he would bring something to the Board for approval.

Mr. Porter noted the Board will meet in Winslow in May. He asked if there will be an opportunity to go back to the Reservation and pick up on some of those things they did not have an opportunity to see a few weeks ago.

Mr. Travous responded he would like to do that as well.

Chairman Pfister thanked the Board members who participated in those tours. While a lot of time was involved, it was very important.

3. Discussion of Parks Access for Military

Mr. Travous reported he received a phone call from Ms. Faeth of the Governor's Office asking if there is a way to provide free admittance to the parks for the military. He promised to bring it to the Board at this meeting today for discussion.

Mr. Travous stated staff certainly want to do something along those lines, while at the same time recognizing that this agency is receiving no General Fund support. Questions to be answered include how big of a financial problem would this pose and how many families would be eligible. It would not just be the military people, but their families as well. Other questions would be whether it would apply to active duty vs. inactive duty. It is a more difficult question than it would appear.

Mr. Travous added that Research and Marketing staff have already been working on this issue. He will try to get with individual Board members on this issue. Staff want to do something that won't bankrupt the agency but let the military families know ASP is supportive of them.

Mr. Hays asked if something along these lines was discussed recently regarding school children.

Chairman Pfister responded the Board has been through this a couple of times.

Mr. Armer recalled something about a Veterans Day weekend.

Mr. Travous responded the agency did a Veterans Day event a year ago. Approximately \$45,000 in revenue was lost; approximately \$16,000 was collected in the form of collections to the Red Cross. Staff will bring a proposal to the Board at a future Board meeting.

F. PARTNERSHIPS AND EXTERNAL AFFAIRS

Arizona State Parks Board and Advisory Committees Meeting Dates for 2003

Chairman Pfister noted that the Board received a listing of the Board's advisory committees and a schedule of their meetings in the Board packet. There are eight advisory groups to this Board that provide a lot of public input. Ms. Stewart has attended a number of these meetings. She felt it was important to let the other Board members know generally where and when these advisory groups meet. She believes it is helpful for the Board to periodically have a presence at these meetings. It is her goal to try to get to at least one meeting this year. She believes these groups play an integral role and the Board really does listen to their recommendations. Much of what has come before the Board has already been discussed by these advisory groups. The Parks Board appoints the members of these groups. She believes they fill a very useful purpose. This item was placed on the Agenda at her request. She encouraged those Board members who could to consider attending some

of these meetings. She requested that staff be informed beforehand so that they are not surprised by having a Board member present. It would be helpful if each Board member could attend one or two of these meetings.

Mr. Porter noted the dates are good but the locations are general.

Ms. Madonna responded that most of the Agendas are now posted on the agency's Website. Board members can also call staff for more information.

Mr. Porter made a motion that the Parks Board go into Executive Session as noticed on the Agenda.

Mr. Hays seconded the motion. The motion carried unanimously. The Parks Board went into Executive Session at 11:15 a.m.

Chairman Pfister reconvened the Parks Board meeting at 12:26 p.m. She stated the Board would move to Agenda Item I.2. to discuss and/or take action on the cancellation of OHV grants.

I. ADMINISTRATION

2. Board Actions:

a. The Board may discuss and/or take action regarding cancellation of OHV grants and contracts

Chairman Pfister stated the Board has received legal advice on a number of options. She invited Board discussion as to what the Board members see as some of those options being, including suspension and termination. She noted the Board cannot terminate grants and contracts until the Governor has signed the bill, but there is every indication that she will sign the bill within a matter of days.

Ms. Stewart stated her belief that the Board would be premature to have any motion that terminates contingent upon the Governor signing the bill. She believes the Board has questions that have been unanswered but that the Board needs to take some action to formally notify people. She would prefer a motion to suspend and to notify all of the grant recipients that once the Governor signs the budget the Board will have insufficient funds to cover those expenses that it has been informed have been incurred to date. The Board believes it will be terminating grants in a very short period of time if no other solution is found. The Board is open to renegotiating the grant contracts contingent upon funding resuming in the future from the OHV fund. She believes the Board would want to make it very clear that it is not just any funds but that it must be the OHV fund. The grant recipients should notify the Board immediately if they want to have their contracts terminated, if they want to discuss other options for resolving this issue, and that if the Board does not hear from them their grants will very likely be terminated within a matter of days.

Mr. Travous stated he had a few things to let the Board, as well as the public, know. One is that the agency is not unaffected by this internally, either. There are 7 1/2 positions involved. It is not as though staff is trying to take the money to make up a shortfall. There are 7 1/2 positions staff are concerned about. There are messages in to Ms. Faeth of the Governor's Office to let her know what is going on. The legislature has been told what this all means. People are as aware of the circumstances as they want to be.

Mr. Travous stated that, having listened to his own staff from an administrative standpoint and as an expected response to the legislative action, his recommendation would be that the Board do two things. He recommended that, as soon as the Governor signs the bill, the Board terminate all of the contracts. His reading is that, from a financial standpoint, an expected standpoint, and a liability standpoint, the Board needs to do that. He would further state in that notice of termination that the contractees be notified that all bona fide expenses incurred prior to the date of termination but not yet reimbursed shall be allowed as previously-allowable expenses and reimbursed as the money becomes available as a first order of business of the Board. By doing this, the Board would be saying that they have been terminated, any bona fide expenses will not be paid but as money becomes available it will be allowed as a previously-incurred expense and that will be the first thing the Board will do with the money as it becomes available to the Board. They have not taken the money yet for Fiscal Year 2004. It could start accumulating again July 1. He does not have any Pollyanna expectations along those lines. It could, however, happen.

Mr. Armer asked if Mr. Travous' suggestion was that, assuming that the Governor signs the bill today, effective today all contracts are terminated. However, if the expense was incurred prior to today, even though staff have not received the bill yet, if it is legitimately incurred prior to the date of termination it will be thrown into the hopper and considered at a later time.

Mr. Travous responded that any bona fide expense prior to today would not be reimbursed, but it would be the first order of business when the money becomes available. It would be tied back into what they did before.

Mr. Armer clarified that staff would consider it to be a bona fide expense and at such time as funds become available in the OHV fund they would be at the head of the line.

Mr. Porter stated it appeared to him that the only difference between "suspension" and "termination" would, in fact, be that issue of liability. He wondered if staff has not argued around the issue of why the Board should have to terminate as opposed to suspend.

Mr. Travous responded that, in listening to people, he believes the Board is more liable if it suspends because the contract is still active. As more bills come in, the argument would have to be made as to whether or not they are expendable. This way the contract has been cut off. The other part of it is administrative rather than legal. He believes the Board needs to be able to demonstrate to the legislature that it is doing those things that must be done in order to make what they have done whole. It could, in turn, give them more pause to take next year's money also.

Mr. Porter stated he did not believe it would give them pause whatsoever. He feels it radically encourages them to take next year's money because the Board has essentially said the program is dead; there are no continuing contracts; the Board is out of that business right now. The only way to get back into it is if there's money available. That almost encourages them to take next year's funds. Even if it's not communicated to them in that manner, he believes that is the way they will take it.

Mr. Porter stated he felt the Board has a stronger argument next year for them not to take the money if they can tell them there is still a large number of perfectly valid contracts that are in a suspension mode. While there is no continuing liability being incurred, the Board does have these contracts. If you take the money again there will be a lot of damage. He

has a problem with the termination of contracts. He understands staff's argument from an administrative standpoint. He has great sympathy for that.

Mr. Porter noted staff used the phrase, "I believe we are legally obligated" to terminate. He doesn't see that. He asked staff to defend that statement and explain why the Board would be legally obligated to do that as opposed to suspension.

Mr. Travous responded that the point will not be argued by legal minds. It will be argued by the legislature who want the agency to step up, and anything the agency does not do that could make the discussion gray will be cast as the agency doing something black.

Mr. Porter asked if that is not exactly what staff is suggesting. The suggestion is that the Board terminate the contracts. By terminating the agency would legally avoid becoming liable on roughly the \$900,000+ in claims that are expected to come in. He understands that is not what staff suggested. However, legally the Board can do that. His understanding is that staff believe the Board can legally do that. If the Board does that, then those funds are flat gone. Staff is suggesting the Board terminate but tell these people it will still continue to pay these bills down-the-road. He has questions about the legality of that.

Mr. Winkleman suggested another way to address the issue. He suggested sending out a notice that states the contract is hereby suspended; take no further action including submitting further invoices to the agency; if further action is taken it will be deemed to be a termination of the agreement. If the recipients would like their contracts terminated or to make other arrangements, they should contact staff; otherwise, unless they hear from the Board they will be terminated on a given date. The loop needs to be closed in that fashion.

Ms. Stewart stated she does believe there is a legal issue that is created by doing that. She did not believe the Board could say it will pay the bills that have been incurred and received but not others that were incurred on the same date but not yet received.

Ms. Stewart stated she understood what Mr. Winkleman said. The Board would not be responsible for paying this \$900,000 because it hasn't been submitted in the appropriate form to the office as of today. Therefore, they won't be paid. However, those that were received yesterday will be paid. Yet, they were all incurred at the same time. Hypothetically, there could be 10 bills that were all incurred on the same date. Some people have paid out the matching funds. If the Board cannot terminate until the Governor signs this bill, that won't keep people from getting these bills in prior to the termination date. So the \$900,000 has still potentially been incurred in reliance upon the contracts.

Mr. Armer stated that his understanding of staff's proposal is that the Board will not abrogate its responsibility to that \$900,000, regardless of whether or not it has been billed. If it was incurred last week (and it can be proved), and even if that bill is not received by staff until next month the Board will have told them that, yes, the contracts are suspended effective when the Governor signs the budget but that it will honor those expenses incurred prior to today or to notification. There would still be an obligation to them. They would not be cut off entirely. It would be subject, of course, to ever receiving any more money.

Ms. Stewart stated her belief that the Board would be taking an inconsistent legal position. If the Board takes the legal position that by terminating contracts it is not obligated to pay those bills not yet received, then she doesn't see how the Board can say, in the same breath, that it has the authority to pay them if additional money becomes available. She feels it runs into the issue of those payments becoming a gift of state funds at that point.

Mr. Winkleman asked when the legal obligation is incurred.

Ms. Hernbrode responded that the Board has now asked three legal questions that were not fully addressed in Executive Session. She stated she is happy to answer those legal questions here in Open Session. The Board needs to realize that they are waiving attorney/client privilege on those issues if they wish to do that.

Chairman Pfister stated she felt the Board is OK with that.

There were no objections from Board members.

Ms. Hernbrode stated she did not think the Board can terminate the contracts but say there will be any payments after the termination of those contracts. She does not believe it can be said that the contracts are terminated but if expenses are incurred they will be paid sometime down-the-road. If a payment is to be made, it needs to be on a contract.

Ms. Hernbrode stated her belief that the Board's obligation to pay is triggered by the receipt of the proper paperwork.

Chairman Pfister noted the Board has other grant programs that had additional money. The Board went back and said if entities wanted to get an application in they could do so. The Board could terminate these contracts, pay what has been submitted, and then when the funds are available again have a supplemental grant program that would be specifically for those who had grants before and did not get their money and allow them to apply again and the Board would try to make them whole. By public policy, the Board could go back - not from a legal termination standpoint, but by policy the Board could state their intent is to go back and complete these grants when it has sufficient funds.

Ms. Hernbrode responded she was not certain the Board could run a grant cycle specifically for those people. However, she did believe the Board could give those people some preference within a grant cycle.

Ms. Hernbrode stated the other part of her answer to Mr. Winkleman is that while, strictly on the contract language, the Board may incur that obligation when the paperwork is received, some obligation is incurred by the knowledge that someone has done that work and that the bill is out there. It is what the law refers to as an Equitable Argument of Fairness.

Mr. Travous noted that some of the grant programs have a place whereby pre-existing expenses (whether they be engineering or others) are covered. That is all he is suggesting - that the Board go through a grant process whereby they come in and the grant process is skewed to take care of those who had expenses that were incurred in this go-around. There might be more money available beyond that. The process would be skewed to take care of previous expenses that were bona fide. They would need to be proven to be real and legitimate expenses.

Ms. Stewart responded that she thought that is an entirely different situation. Those things were not incurred as a result of a contract with the Board. She believes there are a lot of questions that the Board has not had definitively answered. She does not know if there is further legal research that can be done. She does not know if legal counsel has found legal cases in point on a lot of these issues. She is personally uncomfortable taking any action to terminate today. She believes it is too risky in terms of the position that the grant recipients are placed in, and she does not believe the Board puts itself in a better position. She

believes that by formally notifying them that they should not incur any additional expenses and that there are insufficient funds the Board would be in as good a position in a court case in terms of being responsible for any expenses incurred beyond today. She does not believe that would affect the Board's liability for those expenses that have been incurred but that the bills have yet not been received. She does not believe a judge will find a difference between them. That is just her opinion. She believes by terminating today the Board would run the risk of alienating its partners and possibly putting them in a worse financial and legal position regarding their other plans.

Chairman Pfister noted it is only a matter of days before the Board would need to take action to terminate them.

Ms. Stewart responded that she believes the Board needs to notify the legislature very specifically of what the issue is. Even last week the Board did not know there were possibly \$900,000 of incurred expenses out there. In fact, the Board did not even know that yesterday. Yesterday the figure was much smaller. She was present when the Chairman told the legislature the Board may have to renege on grants the Board already issued. She does not know that the legislature understands that the Board's partners have actually already spent the matching funds and are now left holding the bag. There are very specific amounts and real people involved. It's not just a general thing that the Board may have to do this. She believes the Board owes it to the recipients. She is looking back at when the parks were closed. In retrospect, the Board was accused of not having fully communicated the issue and she does not want to be in that position again. She believes the Board should suspend today and have a conference phone call in a matter of days if necessary. She does not believe the Board's legal position will be worse. She believes both the Board's legal and political positions may be better by handling it that way.

Ms. Hernbrode suggested that the Board suspend with a time frame of perhaps a month with the understanding that with the suspension the applicants may not incur any further obligation. She believes that is backed up by what the legal definition of a suspension is. The Board is stopping here; don't incur anything further or reimbursement will not be made; send in what bills have been incurred to this date so that the Board has a firm idea of the problem and some time to work potentially with the legislature, the Attorney General's Office, and the grant recipients to solve this problem.

Mr. Porter stated his willingness to move that all of the OHV grants and contracts be suspended effective immediately.

Ms. Hernbrode noted that the IGAs and ISAs need to be separate because their language differs and she is not certain the Board can suspend them.

Mr. Porter stated he would move that effective immediately the Parks Board suspend all OHV grants with notification to the grant recipients that they cannot incur any further expenditures or costs after today. He asked if any Board members had language they felt should be tacked onto that verbiage.

Mr. Armer suggested a time period.

Mr. Porter asked if there is a problem in giving a longer time envelope. Once they are suspended they are suspended. He believes everyone understands the Board is probably aiming towards termination. Eventually it will be terminated if something cannot be worked out with the legislature. He asked if 60 days would be offensive.

Ms. Hernbrode responded she would not have a problem with that. However, there may be some administrative concerns she is not aware off.

Mr. Travous stated he knows this is not what the Board wants to do. The agency must demonstrate that it is doing everything as required by legislative action. To him a suspension with 60 days is not a suspension; it doesn't get the agency anywhere. If the Board were to suspend it today and let staff figure out where to go from here, then some middle ground has been found. He would rather see them terminated. The Board has to do something to make sure the agency's costs are cut now.

Mr. Porter responded that his motion does that.

Ms. Stewart added that legal counsel has indicated that she is in agreement that it does.

Mr. Travous responded that suspension with 60 days for submitting bills does not do anything.

Ms. Stewart stated the Board could suspend until further notice and can have a Notice of Intent to Terminate so that it is made clear. But she believes the Board needs this period of time in order to ascertain exactly where things stand, explore other options, etc. She believes this is at least consistent, and perhaps more consistent, with what the legislature would like from the Board since they don't know what the Board knows in terms of the effect of simply saying it will not pay or that it will pay and then not have enough money to operate the parks. She believes the Board needs to throw it back in their laps.

Mr. Porter stated he does not believe the legislature has said the contracts must be terminated. They have said they are taking the money. He believes they have left it up to the Board as to how to approach that situation. He does not believe for a minute that the legislature will be particularly concerned about whether the Board has complied by only suspending. As long as the Board has put a clamp on it, it is not incurring any more money.

Chairman Pfister stated one benefit would be to say very clearly to the legislature that the Board has stopped incurring expenses but the Board now knows more than it did a week ago because these things have been in play. The Board now knows this liability is \$900,000. Here is exactly what the Board knows today that makes up that \$900,000. The legislature has put the state and the Parks Board at risk because these are legitimate things to be paid. At least go back to leadership and tell them the situation the agency is in and make it clear to them that there is no hidden agenda but rather that this is the hole the Board has been left with. They can either fix it in 2004, which is what her guess is they would want to do. Her fear would be that they would fix it at the expense of ASP's operating money. Her concern is that the legislature will say fine, we'll pay for the motor sports but we will take it out of Buckskin State Park. She believes ASP is going to lose either way on this. These are still expenses that have been incurred. So long as the Board is very definitive with the legislature as to what that outstanding liability is that they have left the agency with, then the Board has covered staff's concern.

Ms. Stewart stated the Board should also, effective today, suspend payments so that staff can evaluate all of these things for the next meeting so that the Board can come up with some orderly decision based on legal advice as to what the priorities, if any, should be (whether it's "first in" in terms of receiving the bill or "first in" in terms incurring the bill; whether it's pro-rated, etc.).

Mr. Hays stated it was an excellent process if the Board could suspend payments today and give staff some time to see how many bills are coming in and what the legislators would like to do to correct the situation for next year.

Ms. Stewart added that if the legislature does not want to do anything, then she doesn't believe the Board is any worse off because it is still saying this situation will be dealt with at its next meeting.

Mr. Porter noted that staff said previously that there is already \$56,000 worth of bills in hand.

Ms. Stewart stated that those bills should not be paid, either. The Board should not pay anything because it does not want to put anyone in a position different from anyone else.

Mr. Porter responded that those people have already complied with everything and the others have not yet complied, apparently.

Chairman Pfister asked for clarification on the correct figure.

Mr. Siegwarth responded there are two bills that total \$68,110. The money is there; they submitted the proper bills before any of this discussion began.

Ms. Stewart asked if staff is aware whether anything else has arrived in the mail today at the office.

Mr. Siegwarth responded he hoped nothing had arrived today.

Ms. Stewart noted someone could have delivered bills for \$300,000 or whatever.

Mr. Travous stated he may have misunderstood the Board's 30-60 days on the suspension. If the Board is suspending payment today, he believes the Board is OK.

Chairman Pfister stated no one can incur any more costs and no one can submit any more invoices.

Mr. Travous suggested including the \$68,000 in that and treat everyone the same and figure out where that will leave things.

Ms. Stewart noted that the worst that can happen by delaying things one month would be interest on delayed payments, and she's not sure that the Board is even liable for that. Waiting another month to pay those bills will not cause any heartburn.

Chairman Pfister noted that in the interim staff would communicate very specifically to the legislature what the extent of the additional liability is that the Board did not know when they took their 2003 action.

Mr. Travous asked the Board to be aware that, in spite of its good intentions, that message will get contorted at the legislature and some will try to spin this as the Board's mismanagement of this fund. That is exactly what happened to DES, to a large extent. The Board needs to be very careful about that.

Ms. Stewart noted the Board will be in that position no matter what it does.

Chairman Pfister noted these are reimbursement contracts. They were operating under money the Board had authorized them. That needs to be communicated to the legislature; however, Mr. Travous is correct.

Mr. Porter stated he believes the Board is hurt worse by not telling them immediately where things stand than by holding back and they find out six months from now.

Ms. Stewart added that people will call their offices and complain about what the Board has done.

Ms. Hernbrode stated she is not prepared to opine today about what kind of liability the Board incurs by suspending payments for bills already received. She agrees with Ms. Stewart that there is some liability there. However, the Board can go forward with that as it chooses.

Chairman Pfister noted that even 30 or 60 days is not significant.

Ms. Stewart added that she is not saying the Board shouldn't pay them at all; she is simply saying the Board needs to wait to get legal advice.

Ms. Hernbrode stated she would be very uncomfortable with telling people they cannot send documentation for things they have done.

Ms. Stewart responded that the Board would want them to send in their documentation.

Mr. Porter noted there are two separate issues. One is the suspension and ceasing of liability as of today. That is pretty simple. The only issue remaining is how long it should be. The other issue is the payments. Suspending any payments until the Board knows where it stands legally and what it is dealing with makes good sense. That is almost a separate issue. He is willing to deal with them as two separate motions just so it is very clear that they are separate issues. The Board will have to come back and deal with that second issue soon. The question is, on the suspension, whether the Board logically needs to even put a date on it. An indeterminate suspension would allow the Board to come back to it at any time once the Board has finally figured out what it wants to do. Everyone knows they are in a suspension mode. It gives the Board plenty of time to negotiate with them. Some may want to terminate; some may want to enter into some kind of release of liability in exchange for remaining in a suspension mode as opposed to termination. At some point the Board will know where everyone stands and can act accordingly.

Ms. Hernbrode responded that she believed there needs to be language in the motion that states this suspension will eventually result in termination unless some other resolution is reached.

Ms. Stewart asked if "until further notice" would suffice.

Mr. Porter noted "suspended until further notice with the understanding that termination will occur unless some other resolution is reached" would be better.

Ms. Stewart suggested "unless additional funds are received".

Mr. Porter responded he did not want to say that. There is a general statement that they will be terminated eventually until some resolution is reached.

Mr. Siegwarth stated he had misspoken earlier. Evidently there are \$420,000 in bona fide bills as of today. The \$68,000 figure was incorrect.

Mr. Porter stated he has no problem with a time frame; he has no problem saying it will eventually end in termination unless . . . and asked if legal counsel felt the Board would get in trouble with this language.

Ms. Hernbrode responded that she could not think of a problem at the moment. She stated she will certainly let the Board know if it becomes a problem.

Mr. Travous suggested that the motion could just say that the contracts are suspended until such time as termination is deemed necessary.

Board Action

Mr. Porter: I move that effective March 20, 2003 all OHV grants be suspended, there be no further liabilities or costs under the grant incurred by the recipients after March 20, 2003, and that the suspension will last until such time as termination is deemed necessary.

Mr. Winkleman seconded the motion.

Ms. Stewart noted the motion says there will be termination.

Chairman Pfister responded that the Board is there. It will not get any better.

Mr. Porter added that, unfortunately, that is the message. It opens the door to perform some negotiations. He believes the reality is that unless something radically changes the Board will have to terminate.

Ms. Stewart asked if the Board isn't really saying they are suspended until such time as they are terminated.

Mr. Travous responded that "deemed necessary" allows staff to talk to them. Then, if they want to keep their contracts suspended they won't force the Board to pay them if the Board will keep them in a suspension mode until next year. If more money comes in they could be re-opened.

Mr. Armer added the grant recipients can go ahead and spend all the money they want. This motion says they cannot incur any more liability against the Board.

Mr. Porter requested the motion be read back to the Board.

The motion was read back to the Board.

Ms. Hernbrode noted the Board may be creating a logistical nightmare for staff. These people need to be notified of the Board's action. She was assuming that staff would not be able to rush back to Phoenix and get everyone on the phone and call them today. She believes the Board needs some notification time in order to tell people to stop incurring expenses.

Ms. Stewart responded it was her understanding that these people were told yesterday to stop incurring costs.

Chairman Pfister noted these people have been told. Staff have sent letters.

There being no further discussion on this motion, Chairman Pfister called for a vote on the motion on the floor.

The motion carried unanimously.

Mr. Porter stated he was ready to make a motion that the Board suspend all payments under the OHV grants effective March 20, 2003 pending further action of the Board.

Ms. Stewart noted there needs to be a statement that they are notified to submit any bills for expenses that were incurred prior to today to staff within 10 days.

Mr. Porter asked if that could be done administratively.

Ms. Stewart stated that if the Board wants to hold them to it, the language needs to be in the motion. At some point the Board needs to be able to say they have been formally notified that this bill will not be paid because it is too late. Staff needs to know fairly soon what to tell the legislature.

Mr. Porter stated he would make a motion that the Board suspend all payments under the OHV grants effective March 20, 2003 pending further action of the Board. Further, all OHV grant recipients are to be notified that they must submit any unreimbursed claims no later than 10 days from date of notification.

Ms. Stewart noted the Board will have to deal with this at the next Board meeting. She felt giving them five days from notification would be fine. However, she believes the Board needs to know within 10 days from today.

Mr. Porter agreed to change the time frame to 5 days from date of notification.

Ms. Stewart noted the date of notification would vary.

Mr. Porter suggested using the date of March 31, 2003 as the date unreimbursed claims must be received.

Board Action

Mr. Porter: I move that the Board suspend all payments under the OHV grants effective March 20, 2003 pending further action of the Board. Further, all OHV grant recipients are to be notified that they must submit all unreimbursed claims no later than March 31, 2003.

Mr. Hays seconded the motion. The motion carried unanimously.

Ms. Stewart requested staff notify all the recipients no later than tomorrow (March 21) by E-mail, telephone, and letter. She understands the list is not terribly long.

Ms. Hernbrode noted that the Board still needs to deal with the IGAs and ISAs.

Chairman Pfister noted some of these have limits of 30 days and other have 60 days.

Mr. Siegwarth responded the Land Department would have 30 days under the ISAs and the BLM and US Forest Service would have 60 days.

Mr. Porter stated he was willing to make a motion. He asked if the Board wanted to suspend these as well.

Ms. Stewart asked if the Board has the ability to suspend ISAs and IGAs.

Ms. Hernbrode responded that she did not believe there is a suspension clause in these contracts.

Ms. Stewart suggested a Notice of Intention to Suspend. She asked if these are contracts where the Board is not likely to incur major amounts in a period of a couple of days. These aren't the types of projects where they would go out and spend a lot of money the next day.

Mr. Siegwarth stated one issue the Board needs to address is that if the Board suspends all expenditures to these grants, it will affect FTE positions.

Chairman Pfister noted the original staff recommendation was for all them to go through June 30.

Mr. Siegwarth agreed that was staff's original recommendation. He believes that usually in the cancellation contract it provided for 30/60 days. That is really a clean-up time for them; it is not to incur additional expenditures but to pay existing obligations. For example, the bills may not have hit yet even though the services have been received. He believes that is, pretty much, the termination clause. It may be conceivable that in conversations with these three entities something could be done whereby they would not incur additional costs except for perhaps personal services. He is concerned that he does not know how much money he will eventually get back.

Ms. Stewart asked if the Board could give them a Notice of Intent to Terminate effective the day after the next Board meeting. They would have between then and now to negotiate with staff as well as a notice to not incur additional costs.

Mr. Porter stated he believed the termination language would vary. One is 30 days and the others are 60 days.

Ms. Stewart noted that Mr. Porter is talking about taking action to terminate. She is saying the Board is putting it off and will not actually vote to terminate.

Mr. Porter agreed the Board cannot terminate them today.

Ms. Hernbrode stated the Board can terminate these agreements today. The ISAs and IGAs can be terminated for any reason with 60 days' or 90 days' notice. They may be able to incur expenses up until that termination time depending on the contract. There is no suspension in these contracts. There is a possibility for modification. The Board can negotiate with these parties to change this contract to include a suspension.

Mr. Porter stated he was willing to make a motion that as of March 20, 2003 the Board give notice of termination on the IGA agreements funded by OHV funds of 60 days from March 20, 2003 and on the ISA agreements funded by OHV funds of 30 days from March 20, 2003.

Ms. Stewart stated the problem with that is the Board does not meet again until April 23.

Mr. Siegwarth responded that if the ISA is given a 45-day window it would cover it until the next Board meeting.

Ms. Stewart stated she liked that idea better. It is better to not incur the expense of a conference call if possible. This is a little different than the others because it entails negotiating with other governmental agencies.

Board Action

Mr. Porter: I move that as of March 20, 2003 the Board give notice of termination on all IGA agreements funded by OHV funds of 60 days from March 20, 2003 and on all ISA agreements funded by OHV funds of 45 days from March 20, 2003 and further request that the involved agencies not incur any further expenses under these grants except for personal services.

Mr. Hays seconded the motion. The motion carried unanimously.

H. PARKS

1. Section report

Mr. Ream reported the following reports on parks are in answer to the Board's request last month.

Mr. Ream introduced Mr. John Gunn, Park Manager, Spur Cross Conservation Area. This is the property the Parks Board purchased with Maricopa County Parks and the Town of Cave Creek several years ago. He noted that the Parks Board holds a Conservation Easement on the property.

Update on Spur Cross Master Plan

Mr. Gunn thanked the Board for the opportunity to address them today. He stated that he brings greetings from the great City/State of Maricopa, the only place that ASP does not have a presence. They appreciate the Board's presence at Spur Cross. Without the Board's involvement Spur Cross would have never come to be. From what he has heard today, it would be rather depressing if the Spur Cross issue were to be discussed today. It would probably not survive the process.

Mr. Gunn stated he has been at Spur Cross for a year-and-a-half. There was great success in acquiring the property and they have had a good year. He presented a slideshow.

Mr. Gunn reported that the Spur Cross Conservation Area (SC) was private land purchased with a \$7.5 million grant from the Heritage Fund via ASP, a \$7.5 million infusion of Maricopa County General Funds, and (because the sellers changed the deal at the last minute) a \$6.5 million Bond Issue from the Town of Cave Creek. On January 9, 2001 Governor Hull signed the legislation that made SC a reality. The State Parks Board has a Conservation Easement on the property that must be managed in the limited use for public and conservation purposes. The Town of Cave Creek did not have the expertise to run the Conservation Area; the default was to Maricopa County Parks since the County had invested \$7.5 million. SC became a part of the County's regional park system consisting of nine parks that ring the Phoenix Metropolitan area.

Mr. Gunn noted that credit is given on all entry signs to all of the major parties involved in making this project happen. Without the grassroots actions of the people of Cave Creek to begin with, probably none of this would have come to the forefront of anyone's radar screen.

Mr. Gunn discussed the topography of the area, access, and trails. He noted there are a lot of parallels between what is occurring at SC and issues the Parks Board has successfully conquered at Catalina State Park (Catalina).

Mr. Gunn reported there were about 9,000 visitors to SC last year with about \$12,000 in revenue. They conducted 174 guided tours that consisted of just short of 3,000 visitors. They have 22 outreach presentations similar to this slideshow.

Mr. Gunn showed slides highlighting wildlife habitats, mine shafts, grass areas, archaeological sites, and the creek.

Mr. Gunn reported that as part of the Master Plan their staff are identifying which archaeological sites are suitable for the unguided public and which will require guided tours in order to protect the investment.

Mr. Gunn noted that one of the most contentious issues for some of elements of the public has been the issue of motorized access into SC. The IGA they signed with the Town of Cave Creek specifically calls for non-vehicular access to the Tonto National Forest. In all of their regional parks vehicles are not allowed on roads not designated as park roads. There are elements in the community who are pro off-road vehicles. Not all places are suitable for off-road traffic. The general public overwhelmingly reinforces their prohibition of off-road vehicles.

Mr. Gunn discussed their concept for the management of SC. They used the Forest Service's modified recreational opportunity spectrum for SC. A portion is referred to as the Primitive Desert Upland Opportunity Class. Activities permitted in this area include hiking, equestrian, interpretive, and dogs on leashes. There is no shooting, no camping, no vehicles, and no bicycles. Another area, the Trail Opportunity Class, includes a network of existing trails and future trails and allows virtually all activities except motorized vehicles. The Threshold Opportunity Class includes the same opportunities as the Desert Upland Class except that bicycles will be permitted. Horses are everywhere except in the Cave Creek Riparian Corridor itself.

Mr. Gunn stated that currently they have a large parking area at the Phoenix Mine Site. It is the only logical place to park. People park at this site and then either take their horse, bicycle, or go by foot to the main trail systems. It takes 45 minutes to an hour to walk to the Seven Springs or the Skull Mesa trail systems. Some people want to drive that distance in their vehicles. If that were permitted, the consequence on SC is that the road would be continuously traveled by motorized vehicles; they couldn't take school groups on it; they wouldn't be able to allow equestrians on it; and it would greatly diminish the value of SC.

Mr. Gunn reported there are two property owners who have threatened to sue. Neither one has a prescriptive easement to use the road. There are photographs from the days of the ranch that show the road was often chained, gated, and closed. It has never been a public thoroughfare. Both landowners (the Johnson Cattle Company and the owners of the Silver Cross Mine) claim a historic easement to use Spur Cross Road to come through. One of the properties is for sale. They understand the developer will not buy it without guaranteed access from Spur Cross. The County Attorney has backed SC and said they are completely within their rights. The enabling act for purchasing SC states very clearly that there will be no public rights created by the purchase of the property. It is the County's contention that if those people had any sort of legal access with the private owners they should have had those easements recorded when it was still private property.

Mr. Travous asked if SC was wide open for horseback riding or if they had to stay on trails

Mr. Gunn responded that on SC the only thing that is open at this time is the main trail. Eventually the entire existing road network will be open except for off-road vehicles.

Mr. Travous noted that would be a contentious issue for ASP because of the scatter of the archaeological sites. ASP would not want those sites trampled.

Chairman Pfister noted she had heard concerns about equestrian access to Tonto.

Mr. Gunn responded the only difference now is that if there is a horse in a horse trailer, there is only one place to turn around and park, unload the horse, and get out.

Chairman Pfister asked what the timetable is for finalizing the Master Plan.

Mr. Gunn responded that they hope to have the Master Plan done in December. He publicly thanked Mr. Ream for his assistance on the Master Plan. Mr. Ream has been instrumental in helping them get the Master Plan moving.

Mr. Ream reported there will be another public meeting in August. It will be the final public meeting before the completion of the Master Plan. There have been two public meetings. They have been well-attended. Between 40 and 100 people from the Town of Cave Creek attend the stakeholders meetings just to talk about SC. The people are very concerned about what goes on there and attend the public meetings. There are pages of public opinion being taken at those meetings. It has been a very good public process.

Report by Arizona Game & Fish Commission on Sonoita Creek-Coal Mine Canyon

Mr. Ream introduced Ms. Joan Scott, Arizona Game & Fish Commission. Ms. Scott was present to offer a proposal for Sonoita Creek.

Ms. Emery added that this proposal was discussed briefly at the last Board meeting. Ms. Scott is here to discuss a project that the G&F initiated that is connected to the Board's Sonoita Creek State Natural Area.

Ms. Joan Scott, Program Manager in the Tucson office of G&F, addressed the Board. She distributed a copy of a document relating to a proposal G&F has submitted for a grant to the US Fish and Wildlife Service to acquire a property known as Coal Mine Spring. The reason this project is of interest to the Board is because it is adjacent to the Sonoita Creek State Natural Area and is identified in the Sonoita Creek State Natural Area as an acquisition area.

Ms. Scott stated that no decisions have been made to acquire this property at this time. This is simply a heads up so the Board will know it will hear more about it in the future. G&F have submitted this proposal to the Fish & Wildlife Service to acquire funds for threatened and endangered species recovery for this particular property. She referred to a map showing the outline of the Sonoita Creek State Natural Area. The property they would like to acquire is about 1,400 acres. Ideally, Sonoita Creek State Natural Area and G&F would like to see the entire area inside the watershed protected. With the funds they have available, it just wasn't possible to apply for that much money for the acquisition at this time.

Ms. Scott noted that the Coal Mine Spring has a population of the endangered native gila topminnow. The blue line on the map shows how Coal Mine Canyon feeds into Fresno Canyon and then into Sonoita Creek. G&F biologists believe that the population of gila topminnow at Coal Mine Spring is the source population that is probably keeping the Board's Sonoita Creek gila topminnow population and the population in Sonoita Creek and Fresno Canyon existing because it is a population that does not have exotic fish mixed with it. Only native fish are in that spring and it feeds into those other populations.

Ms. Scott reported that the grant G&F applied for is through the Fish & Wildlife Service from the Recovery Land Acquisition Fund. They applied for \$750,000. G&F has committed to put \$1.5 million with that grant to acquire that property.

Ms. Scott added that the Solero Ranch is in the area and is private property that is for sale. One portion of the property has already been sold and divided into 40-acre parcels. Another portion has been purchased by Asarco in hopes of trading it to the Coronado Forest in the future.

Ms. Scott stated that if this portion of land and this population of native fish is not protected sometime soon, it will be lost as the property continues to be divided and sold.

Chairman Pfister asked if this grant was impacted by the \$10 million the legislature is taking.

Ms. Scott responded that this proposal has not been killed. If this grant is awarded, G&F will have three years to complete the sale. They believe they can come up with the money in that length of time. If they are awarded the grant G&F will proceed with this acquisition.

Ms. Scott stated that G&F has not decided to buy this property. They have clearly said in the proposal that they would have to evaluate it through their Land Evaluation process. It will be a long process. G&F staff have been working with ASP staff about the fact that perhaps somewhere down the line G&F may want to do something like transferring the land to ASP or enter into some sort of cooperative management. G&F is not really interested in managing the land; it is not a land management agency. G&F is interested in managing the wildlife on it. G&F really want to see this area protected. They will definitely be talking with ASP about cooperatively finding a way to manage it together.

Ms. Scott reported that G&F is not asking the Parks Board to make any decisions today. This is simply a heads up information process. They are nowhere near the point of asking for commitments, let alone acquisition.

Chairman Pfister asked what the timing on the project is.

Ms. Scott responded that last year it was around October. She expects they will know prior to October. Albuquerque Fish and Wildlife Service have received the proposals and have to go back to the National Fish and Wildlife Service. The applications will be rated. She could say that this proposal rated the highest from the Fish and Wildlife Service and from G&F for the State of Arizona.

Chairman Pfister asked if there is anything the Parks Board can do to support it.

Ms. Scott responded that a letter of support was received from ASP. That is the best thing the Board could do at this time.

Update on San Rafael State Park

Mr. Porter stated he requested an update on where things stood. When the Board was at the property there had not been much movement toward development of a Master Plan or long-range ideas. He doesn't want that to get lost in the shuffle.

Ms. Emery responded that staff have been working on a Master Plan.

Ms. Emery reported that the International Monument sits on the borderline in the park and Mexico. There are two components to San Rafael Ranch State Park (San Rafael). There is the 3,500 acres the Board owns in fee simple that includes the historic ranch house and other outbuildings. Immediately to the north the Board also owns a Conservation Easement on 17,000 acres. The fee is owned by a rancher who is working it as a working ranch. Because the Board holds the Conservation Easement, they are protecting the conservation values, which are the natural values (there is a riparian corridor, the Santa Cruz, as well as the visual landscape). Essentially, the Board owns the development rights and the right to ensure that the land vegetation, the habitat, and the species are not degraded.

Ms. Emery reported there is a Park Manager who lives at the ranch with her husband. She has a staff of two. They are, without the Master Plan, working on maintaining the ranch. A building assessment has been completed. The porches are becoming unstable and are pulling away from the building. Staff are reviewing the building assessment and will move ahead on it. There are issues involving the well, power, and roads. Staff hope to incorporate some of that into the Master Plan. A document has been drafted and is very large. There have been a number of meetings held over the past year internally with various representative groups (historians, curators, etc.) discussing possibilities of what can happen at this particular place. Based on those discussions, staff are redrafting the document and adding to it. The draft is being reviewed by the procurement staff. The project should be ready to be put out to bid in a month or so. Within the next year staff should have a Master Plan in place.

Ms. Emery reported that, regarding the Conservation Easement, a contract has just been entered into with an environmental planning group who will prepare a Conservation Easement Monitoring Plan for the Board. The Board has invested a lot of money in the Conservation Easement. Staff need to ensure that the Board's rights are protected. The problem is how to determine what those rights are and how to measure violations of them. The environmental planning group has pulled together their experts and will create a Monitoring Plan on three levels. The first level is the Natural - primarily dealing with the vegetation habitat, which will really go to the grazing impacts. Staff understood that cattle grazing would be accommodated in the plan. Staff knew there would be cattle on the land. There needs to be a way for staff to know when things are starting to go bad and separate grazing impacts from the natural conditions four years ago and after five years of drought. Staff need to know when to raise their hands and call for changes. They have a number of expert biologists who will determine the criteria, limits of acceptable change, trigger points, what to do at those trigger points, how often to monitor, what to monitor, what data to collect, etc. She noted that the second level, the Riparian Corridor, is a special circumstance of itself. The final level is the Social Landscape, which would include the archaeology, the building, the structures - anything human made. There has been one joint meeting and staff are attempting to arrange a meeting with Mr. Ross Humphries to get him involved in this Monitoring Plan. Staff expect to have a plan in place within two or three months. Once that occurs, staff will have to perform the various monitoring steps laid out in that plan.

Chairman Pfister asked if the outstanding bills have been paid.

Ms. Emery responded the bills have been paid and the cowboys are no longer in the house. The fence is nearly completed on the boundary between the Conservation Easement and the park. The crew from KCSP was used during their off-time. A great number of fire prevention measures were performed around the house in anticipation of a grassland fire. That work is ongoing. There are some issues with illegal aliens. It is somewhat scary. It is a drug-running area and, therefore, it is not the usual illegal aliens coming across the border. They are coming across with machine guns now. It is somewhat intimidating.

Mr. Armer asked if anything has been finalized with Mr. Humphries.

Ms. Emery responded that Mr. Humphries stated he wants to extend his option on the grazing lease but has never done it.

Report on Picacho Peak State Park

Mr. Rob Young, Park Manager, presented a slide show on Picacho State Park (Picacho). He noted that Picacho is a recreational park that was purchased in 1968. It has about doubled in size since its purchase to 3,505 acres. In addition to being a recreational park there is a lot of historic significance. He described the environment on the park and the recreational opportunities that exist for visitors. Staff at the park number five. During peak season 8-10 volunteers assist the park staff and put in about 2,000 hours of volunteer time. The park could not function without those volunteers.

Mr. Young stated that in an average year the park hosts approximately 68,000 visitors with approximately \$153,000 in revenues generated. This year is not expected to be a "flower year" as was 2001 when visitation and revenue almost doubled.

Mr. Young discussed the three major special events that the park hosts: the Picacho Peak Hill Climb (November), the Trail Ride and Cowboy Poetry (February), and the Civil War in the Southwest Re-enactment (March).

Mr. Young discussed a number of recent development projects at the park, including new restrooms, a new amphitheater, and campground electrification. Future construction, providing funding can be found, include adding ramadas to several group areas.

Ms. Stewart noted that in addition to the presentation today, which she found very informative, staff at Picacho made some fine presentations before the Pinal County Board of Supervisors.

Report on Catalina State Park

Mr. Jack McCabe, Assistant Park Manager, reported that in the 20 years that this park has been open and operating this is the first time that the Parks Board has been in the area on official business for them to have an opportunity to speak with the Board. The Park Manager had told him that he'd never seen the Parks Board actually physically visit the park or be in the area to inquire about the park with the exception of when the park opened in 1982.

Chairman Pfister noted that a lot of the Board members have been to the park.

Mr. McCabe responded that the best way for the Board to get information about the park is to come to the park when they have time to talk with staff and have a tour. He appreciated the opportunity on Wednesday to show those Board members who were there the park. He loves the area, he loves his job, one couldn't ask for a better park in the system than Catalina. He welcomed the Board to Oro Valley.

Mr. McCabe presented a slide show. He stated the park is a 5,500 acre recreational park. Their two mandates are to protect the natural resource and to provide recreational opportunities for the people in the area who want to visit. He described the natural features and hiking opportunities at the park. He reported their campground includes 48 campsites with a restroom/shower building. They have a campground host. There are two group areas that can be reserved for camping or day activities. He added that a unique feature of the park and one of the reasons the park was created in the first place is the equestrian use. It is difficult these days to find a facility where people can camp and travel across the country with their horses. He discussed the history of the park. He noted that while there is rock art in the park, in order to preserve it they do not tell visitors where it is located.

Mr. McCabe explained how a coalition, formed by the community to prevent development of the property the park is located on, got ASP involved. A land swap was arranged with several other governmental agencies. They do have a very large community support group who really appreciate the resource the Board is protecting. He noted the Southern Region Manager's office is located on the park.

Mr. McCabe reported that since 1984, the park's first year of operation, the high year was in 2001. Attendance dropped a bit last year due to a combination of things (weather and closure of the park). He anticipates being a bit low this year as well for a variety of reasons, last year's park closure not being the least significant. He still receives phone calls on a weekly basis from the public inquiring whether the park was open. Up until 2001 attendance and revenue had been increasing by almost 10% per year. Revenue may be a little better due to fee increases incurred this year but attendance may be down.

Mr. McCabe reported that the park is in the process of expanding the campgrounds by an additional 75. During the peak season 20-40 people who would like to camp in the park are turned away regularly every day. The roadways will be repaved.

Mr. McCabe reported on partnerships with the US Forest Service, G&F, the Audubon Society, Center for Desert Archaeology, University of Arizona, community colleges, citizens, and others.

Mr. McCabe reported that in addition to the five FTEs there are 50 volunteers who take up the slack. In 2002 they contributed the equivalent of five full time employees' worth of hours at the park. If it weren't for those volunteers the park would have probably had to shut down by now.

Mr. McCabe added that the staffing level is why this is one of the few parks in the agency that actually makes money. As a park ranger, he would love to have a lot more staff at the park so they could do all the fun things people want to experience when they come. From a private citizen's position in terms of where the tax dollars are going, he likes the way things are done at this park. With such a low staffing level they are able to generate money at the park beyond its operating expenses.

Mr. McCabe reported the development that is occurring will greatly increase the revenues generated at the park. The partnership with Oro Valley is very intriguing. While there's not a lot of information available at the park level, they are excited about where it may go.

Report on Oracle State Park

Mr. Jerry Ravert, Park Manager, presented a slide show. He reported that the Kanally Ranch is where Oracle State Park (Oracle) began. Eventually it became the Oracle Wildlife Refuge and was managed by the Defenders of Wildlife who, in 1985 transferred it to the Parklands Foundation. In 1986 ASP acquired the park from the Parklands Foundation.

Mr. Ravert discussed the two environmental programs for elementary grades: the Oracle Adventure (1st through 3rd grades) and the Oracle Odyssey (4th through 6th grades). The park has been open to the public since October 1, 2001. This changed the mission of the park a bit.

Mr. Ravert discussed the educational program the park provides to school children. He discussed the trails system that the public can utilize for hiking.

Mr. Ravert discussed the volunteers who assist at the park. Oracle had the first Friends organization. Their volunteers spend a lot of time working various jobs around the park, including acting as program guides, assisting with the environmental programs, and assisting with maintenance and operations.

Mr. Ravert reported the staffing level is currently 4 FTEs. The park is open 7 days a week, 9 hours per day. During the summer the park will be open for extended hours because of the demand. Since the park has only been open a year-and-a-half, there are no real comparisons in attendance and revenue. While the park did well during its first year it is one of the best-kept secrets around. They occasionally receive calls asking if the park is open. A large percentage of the visitation is still the school groups.

Mr. Ravert noted that during his three years at the park a number of partnerships have been developed. The park is a member of the Tri-Community Chamber of Commerce; last year the park was the site of the Pumpkin Festival; the park has been involved with the Town of Oracle's Oaks Festival. The Kanally Ranch House will be a part of the Innovative Home Tour in Oracle.

Mr. Ravert noted that the neighboring communities are looking to rural tourism as a way to stay alive and viable to get through these difficult times. The park staff feel they can help as an up-and-coming park. It is hoped that attendance will increase as the park is marketed a bit more. The park wants to be a part of the community and perhaps help the communities in this respect. They want to provide recreation, conservation, and expand the environmental programs. Oracle was created to become a wildlife refuge and that will be kept in mind as development and future programs are considered.

Mr. Ed Cleveland, Past President of the Friends of Oracle State Park, addressed the Board. He noted that they were the first State Parks Friends organization. They received a lot of encouragement from former Park Manager Janet Hawks. They are a non-profit corporation formed in 1996. He presented a slide show.

Mr. Cleveland stated that when their Friends group was formed the park had a very limited budget. They were conducting restoration projects and had a lot of volunteers on the property doing work. The park did not have a budget for paint, rags, paint brushes, etc. The volunteers were using their own money to purchase these things. They decided to form a Friends group dedicated to raising money and funding these restoration projects. He noted that once they got into fundraising they realized, for tax purposes, they needed to become a non-profit corporation. They went through the incorporation process.

Mr. Cleveland stated the Friends of Oracle State Park raise their money through memberships, donations, and the sale of bricks. There is a "brick plaza" that consists of two different sizes of bricks, depending on whether it is purchased by individuals or corporations. They also sell entertainment books, custom cards, notecards, and "Oracle Speaks", a book written by one of their members that discusses the park and the Kanallys.

Mr. Cleveland reported they have a budget of approximately \$8,000. He reported that some of the items they have spent money on include things that the park needed but lacked a budget for (i.e., a generator, weed trimmer, weed whackers, chain saws). They have also purchased an overhead projector and screen, scanners, a color printer for bingo cards for the education program, have put in shelving and containers in the Volunteer Room. They have restored the gate, purchased a new set of drapes for the living room, and re-acquired some of the Kanallys' paintings. They recently put in the lighting along the walkway from the

parking lot. Over the past couple of years they have spent more than \$15,000 on things for the park. They spend money for plants, landscaping, and a two-station drip system in the lower patio. They are in the process of replacing a window in the dining room that had been shortened when the office was located there.

Mr. Cleveland stated their vision is similar to the park's vision - to help make Oracle a prestigious environmental education center and effective wildlife refuge in the old grasslands of Southern Arizona. They continue the vision of Oracle State Park.

Chairman Pfister noted the Board is rapidly losing its quorum. She moved to Agenda Item H.2.

2. Board Actions:

- a. **Designation of Park Ranger Law Enforcement Officer** - Staff recommends that the Arizona State Parks Board designate Lyman Hanley and Shawn Speaker as Arizona State Parks Law Enforcement Officers, contingent upon their successfully completing the CARLOTA training.

Board Action

Mr. Armer: I move that the Arizona State Parks Board, pursuant to Title 41, Chapter 3, 41-511.09 ARS confer upon designates Lyman Hanley and Shawn Speaker the full authority and powers of a Peace Officer for the protection of the Parks and Monuments against damage and for the preservation of peace therein, contingent upon successful completion of the CARLOTA training program scheduled for April 18, 2003.

Mr. Porter seconded the motion. The motion carried unanimously with Mr. Winkleman having been excused.

Update on Boating at Patagonia Lake State Park

Mr. Ream noted this report was requested by the Board at the February 20 Parks Board meeting.

Mr. Dave Pawlik, Park Manager at Patagonia Lake State Park (Patagonia), thanked the Board for inviting him to this meeting. He wanted the record to show that the Parks Board has visited his park several times. He noted that he had been requested to give a brief overview of Patagonia and re-address an issue that arose in October concerning boating restrictions at Patagonia Lake.

Mr. Pawlik presented a slide show to the Board. He reported that Patagonia is located about 68 miles south of Tucson. He referred to a photograph of the dam being constructed in 1968 at a cost of \$800,000. The lake was started by a private association and run as such until around 1975 when the state took it over. He discussed the boundaries of the park, entry to the park, boat trailer parking lot, recent amenities, marina and boat dock area, the concessionaire, and camping facilities and fees. He noted there was a little backlash from the public regarding the increase in fees. However, with all the renovation that has been done it really hasn't been that bad.

Mr. Pawlik discussed the renovated ramadas and a swimming area for the children. He noted that activities at the park include fishing (very popular), hiking, birding, boating safety classes, and water sports. Special events at the park include an annual Mariachi Festival. He noted their visitor's center was built with SLIF and Heritage Funds.

Mr. Pawlik reported that over the years revenue rose from just over \$300,000 in 1994 to more than \$450,000 in 2002. As a result of a budget cut and dramatic fee increase of \$5 per camping and \$5 per hook-up he is projecting close to \$600,000 at the end of this fiscal year. Attendance appears to be cyclic. Last year was a very good year. He has noticed a 7.8%-8% drop in attendance over the years while revenue is up 30%. How directly this is tied to the fee increases he cannot say.

Mr. Pawlik then turned to boating restrictions at Patagonia. He referred to a map and pointed out the "no wake" areas. He pointed out the small island where the boating accident occurred last year and explained how it occurred. Even though this accident did occur, the safety record of the park is pretty good. However, on a congested day on the lake there is the feeling that something can happen. While safety is the biggest concern, another concern is the noise - and that is what most of the complaints are about. Some of the watercraft carry engines that are 450+ cubic inches. When those engines are running they are very loud and it carries throughout the entire park. The jet skis generate a lot of noise as well. When they get together in groups the noise carries throughout the park, too. The sport itself is considered an activity sport with a lot of spray. It generates a lot of negative comments from the public.

Mr. Pawlik noted there are two user groups at the park: the jet skiers who want to know why they are restricted and the others who don't understand how the park could possibly allow jet skis in the park. He referred to accident statistics and noted that G&F may have additional statistics that he does not reflect. There have been 8 jet ski collisions where 2 collided with the shore, 4 single jet ski accidents where people fell off and struck their heads on their own watercraft. There have been 5 boat collisions, including collisions with the shoreline or islands. There have been 2 boats sunk. There have been 10 injuries requiring some sort of medical attention. The safety statistics are not really that bad.

Mr. Pawlik referred to a 1994 survey with 135 comments concerning the lake. Of those comments, 80 were to either eliminate or restrict this sort of water sport activity; 65 of the comments were to keep things "as is" or increase the activity and give them more leeway. By 28%, more respondents want the water sport eliminated or restricted. Respondent were not favorable when asked whether the entire lake should be designated "no wake". Apparently they feel certain boating is appropriate, based on the noise level and the type of activity.

Mr. Pawlik stated a new public survey will be conducted this spring through the Research and Marketing Section to see what the public wants. He believes that, at the minimum, the big boats, which are just a handful of people but which affect the majority of people on the lake, should be eliminated. Whether or not jet skis are eliminated would depend on what the public wants. He personally does not believe the lake is large enough to accommodate them. The sport grows every year, but the lake does not.

Mr. Porter asked if there is a pollution element involved.

Mr. Pawlik noted most of the pollution is from the 2-stroke engines. While most are changing over to 4-stroke engines, which are quieter, when there are a number of them on the lake along with skiers with a long tow rope, there is a potential for catastrophe.

Mr. Porter noted he was troubled when he saw the jet ski usage at the park because the lake is small.

Mr. Pawlik added that they do a lot of their refueling in the water, causing spillage into the lake.

Mr. Porter noted there is incredible wildlife at that park and he would hate to see it impacted. He stated he was very deeply offended to see that kind of activity going on.

Chairman Pfister asked when the Board would see the results from the survey.

Mr. Pawlik responded he wasn't sure. They are in the preliminary stages of planning the questions to be included.

Mr. Ream suggested the survey be conducted during the summer, which is the peak season for boating use with a follow-up with the winter crowd because it is a different type of group. Staff want to be sure everyone has a part in the evaluation.

Ms. Stewart noted that it sounds like a year to a year-and-a-half before anything will be done.

Mr. Ream responded he felt something could be done before then. He did feel the survey needs to run a few months to see what the results look like. He would not be surprised to see some of the summer visitors being in line with Mr. Pawlik's suggestions. Not everyone who comes to the park has a boat.

Ms. Stewart stated she did not believe it was just the issue of what the public wants but that it also is an accident waiting to happen and the liability to management.

Mr. Ream responded that the Board owns the lake and can do what it wants on it. That is not the case on all the lake parks in the system.

Kartchner Caverns State Park

Mr. Ream reported things are progressing towards opening the Big Room in October as staff originally suggested. Staff are watching the budget in preparation for an October opening. Several mock tours have been conducted and they will continue.

Chairman Pfister noted there have been discussions at past Board meetings about having Board members participate on mock tours.

Special Events

Mr. Travous reported that a week from Saturday the Board's attorneys will go to KCSP to work on the project and perhaps take a hike up to Whetstone Springs. He invited the Board members to join them.

Ms. Hawks reported that on April 11 the Second Annual Volunteer Appreciation event will be held at Red Rock State Park. Mr. Hays will represent the Board and speak at this event. There are 696 volunteers who last year donated more than 136,000 hours. That is the equivalent of 68 FTEs. The event begins at 8:30 a.m.

Ms. Hawks added that the Verde Valley Birding and Nature Festival is coming up. She distributed a brochure on the event to the Board members.

Ms. Hawks distributed, on behalf of the Friends of Oracle State Park, brochures and information on their brick purchase information.

Ms. Stewart thanked Ms. Marti Murphy for the great presentations, both today and at the recent Historic Parks meeting. She hoped that they could be worked in with some of the onsite tours the Board will be participating in throughout the year as they really do complement those tours.

Ms. Stewart added that she was present at the Pinal County Board of Supervisors with all of the managers in Pinal County. They all, along with Ms. Hawks and Mr. Ream, did an excellent job of presenting ASP in Pinal County and the impact those parks have. She later received some good feedback from Chairman Sandy Smith, Chairman of the Board.

Chairman Pfister noted the Board members all received their Virtual Tour.

I. ADMINISTRATION

1. Section report

Special Session Implementation Issues

Mr. Siegwarth reported that he has a great staff, and he doesn't believe they get the recognition they need. There are so many things that he can do only because they do so much on their own. When they take the General Fund money away from us, it sounds so simple. However, his staff will be undoing nine months of accounting, setting up an entirely new accounting structure (must be done within two weeks), transpose expenditures, transfer more than 150 people from one payroll system to another, redo budgets, and then do it all again in June. It is not an understatement to say that his staff is literally doing at least two years' worth of work this year. They deserve a lot of credit. They don't complain; they make things happen. What they do is keep things running. It's been a very hard year for them. Fortunately, the Special Session will have no effect on 90% of the agency; however, it does have a big impact on the Administration Section. They will pull together to ensure our current FTEs have found new homes within the agency and that will require a lot of paperwork as well.

Procurement Inspection

Mr. Siegwarth reported there have been a lot of kudos for the Procurement Office. The agency's policies and procedures are regarded as some of the finest in the state and are used as an example to other agencies. His section chiefs and staff are doing all the work. He wanted the Board to know that the Administration Section is working hard and they deserve a pat on the back.

The Board applauded the staff of the Administration Section for all of their work on behalf of the agency.

Chairman Pfister requested letters of appreciation be drafted.

Mr. Porter requested staff prepare a commendation that all of the Board members could sign at the next Board meeting. One can never say "Thanks" enough.

J. BOARD COMMENTS, REQUESTS AND ITEMS FOR FUTURE AGENDAS

Ms. Stewart requested presentations at the next meeting on Lost Dutchman, Roper, and Boyce Thompson Arboretum.

Mr. Porter stated his hope that all Board members have submitted their registrations for the Historical Society Convention.

K. TIME AND PLACE OF NEXT MEETING

Chairman Pfister stated the next meeting will be 1:00 p.m. on April 23, 2003 at the Boyce Thompson Arboretum in Superior, Arizona. A dinner with the Friends of the Boyce Thompson Arboretum will follow at 6:00 p.m.

Mr. Ream added that the dinner will be held at the Arizona Golf Resort. He will provide the Board with information on that dinner. A tour of the park will be planned for Noon at Boyce Thompson Arboretum. The Board of Directors of the Southwestern Arboretum will meet with the Parks Board at the beginning of the ASP Board meeting to discuss common issues.

L. ADJOURNMENT

There being no further business to come before the Board, Mr. Porter made a motion to adjourn the meeting. Mr. Hays seconded the motion. The motion carried unanimously, with Mr. Gonzales-Beechum and Mr. Winkleman excused. The meeting was adjourned at 3:18 p.m.

Pursuant to Title II of the Americans with Disabilities Act (ADA), Arizona State Parks does not discriminate on the basis of a disability regarding admission to public meetings. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the ADA Coordinator, Nicole Armstrong-Best, (602) 542-7152; or TTY (602) 542-4174. Requests should be made as early as possible to allow time to arrange the accommodation.

Kenneth E. Travous, Executive Director

APPROVED

Suzanne Pfister, Chairman